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PARIS, WEDNESDAY, MARCH 11, 1981

Established 1887

Reagan Declines to Rule Out Aid to Afghan Rebels

Howell Raines New York Times Service WASHINGTON — President Reagan said in a television interview that he would consider the possibility of providing aid to Afghan insurgents...

U.S. Gets A 'Sanity' Budget \$48 Billion Cut; Arms Funds Up

Owen Ullmann The Associated Press WASHINGTON — President Reagan laid before Congress Tuesday a \$695.3-billion budget that he claimed would return government to "economic sanity" through overall cuts of \$48.6 billion...



Chancellor of the Exchequer Sir Geoffrey Howe displays the original budget box, made in 1860, as he departs 11 Downing St. to announce the latest budget to the House of Commons.

British Budget Seeks Substantial Tax Rise

Leonard Downie Jr. Washington Post Service LONDON — The Thatcher government, struggling to maintain its monetarist economic strategy during Britain's severe recession...

Token Strike in Lodz Breaks 4-Week Truce 300,000 Defy Polish Union Leaders

Brian Mooney Reuters WARSAW — Lech Walesa, leader of the Polish independent trade union Solidarity, held his first meeting with Premier Wojciech Jaruzelski Tuesday night as tension mounted after a one-hour strike by more than 300,000 workers in Lodz...

Reagan repeated his defense of military aid for the Salvadoran government as necessary for Communist expansion in the Western Hemisphere...

Reagan's remarks, a continuation of the anti-Soviet stance he has since the beginning of his administration, followed by Mr. Weinberger's suggestions...

Reagan, in his interview, addressed the question of aiding the Afghans, the president would be open to criticism of interference...

est-Tube Baby in Melbourne The Associated Press MELBOURNE — Australia's "test-tube baby" was born Tuesday at a hospital in Melbourne...

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A U.S. adviser (right) works with two Salvadoran mechanics on a helicopter. Salvadoran military officials prohibited the photographing of the adviser's face and insisted that he not be identified.

U.S. Army Officer in El Salvador Affirms Order to Avoid Combat

Juan Vasquez Los Angeles Times Service SAN SALVADOR — A U.S. Army adviser has said that American servicemen in El Salvador are under instructions to avoid fighting or combat except for self-defense...

During their off-duty hours, the men said, they are restricted to the city of San Salvador and are allowed to carry a "sidearm" for protection.

Longtime U.S. Employee Is Chinese Puzzle Janitor at Ex-Consulate May or May Not Be Eligible for Pension A.O. Sulzberger Jr. New York Times Service WASHINGTON — Zhao Wenjin was hired by the U.S. government in 1926 as a messenger and handyman at the consulate in Xiamen...

U.S. Intelligence Officials Seek To Broaden Surveillance Powers Robert Pear New York Times Service WASHINGTON — The Reagan administration's intelligence officials are asking for fresh authority to gather information on Americans in the United States and abroad...

Excise Taxes The Reagan administration's intelligence officials are asking for fresh authority to gather information on Americans in the United States and abroad...

Rockefeller. The commission had documented extensive spying on American citizens by the CIA. The draft order would downgrade the role of the attorney general in scrutinizing intelligence activities...

Journalistic Aspect The proposed order makes no reference to the rights of journalists. It broadens the type of surveillance that may be conducted by an agency investigating "unauthorized disclosure" of intelligence information...

Respect for Liberties The proposed order says that intelligence agencies should respect "established concepts of privacy and civil liberties." It would not change those sections of the Carter order that prohibited assassination by agents and curtailed experimental research on human beings...

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### West German Doubts Threaten Joint Arms Ventures in Europe

By Axel Krause  
International Herald Tribune  
West German plans to cancel future defense agreements triggered a search for alternatives, possibly including U.S. participation in a tactical fighter for the government and industry European capitals said.

Another French source said that President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt may have to work it out in their discussions, but we do not rule out continuation of our cooperation —

### Canadians Greet Reagan as Host of Grievances

**Realistic Move**  
Officials who briefed re-advance of Mr. Reagan's that the main purpose of the visit was for the conservative to meet Mr. Trudeau, the Canadian prime minister, and to discuss a political settlement in El Salvador without outside military intervention.

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### Space Shuttle Crew Optimistic on April Flight

George Alexander  
Angelic Times Service  
ON — The two astronauts to fly the U.S. space shuttle Columbia on its first flight next month have pro-vo themselves and their to ready, willing and e-entrate the mission.

### China Conceding Need for Foreign Help

By James P. Sterba  
New York Times Service  
PEKING — Accustomed to hidding its troubles and boasting of its successes, China withheld for years the news that 242,000 people died and 164,000 were seriously injured in the earthquake of July 28, 1976, which leveled the city of Tangshan and badly damaged Jinan and Peking. Officials of disaster relief were refused.



Dr. Bruce A. Reitz (left) and Dr. Norman E. Shumway (right) transplant a heart and a lung into Mary D. Gohlke in the fourth operation of this type and the first in almost one decade.

### New Drug Lends Hope in U.S. Heart-Lung Transplant

By Harry Nelson  
Los Angeles Times Service  
STANFORD, Calif. — Surgeons at Stanford Medical School have performed a combined heart and lung transplant — the fourth such operation and the first in nearly 10 years — with the use of a drug that they believe will improve the survival rate of the operation.

### U.S. Now Wants to Review Entire Text Of Draft Pact Governing Use of Oceans

By Don Shannon  
Los Angeles Times Service  
UNITED NATIONS, N.Y. — The new chief U.S. delegate to the Law of the Sea Conference said that the Reagan administration wants to reopen the entire text of the treaty governing use of the oceans.

### U.S. Court Backs A Defendant's Right to Silence

NEW YORK — The Supreme Court has ruled that a criminal defendant who chooses not to testify in his own defense is entitled to have the judge instruct the jury that no inference of guilt can be drawn from that choice.

### Devlin Planning Political Return

UNITED PRESS INTERNATIONAL  
BELFAST — Irish nationalist Bernadette Devlin McAliskey said during the first news conference since she was wounded in an assassination attempt that she will return to politics.

### Romania Lags Badly In Food Production

By David Binder  
New York Times Service  
WASHINGTON — Romania, traditionally the breadbasket of the Balkans, is having trouble providing enough food for its inhabitants, a situation that has provoked factory strikes and demonstrations, according to reports reaching here.

### Turks Worry Over European Criticism

By Marvin How  
New York Times Service  
ANKARA — Turkey wants to remain part of Western Europe's democratic community and Ankara is concerned over what it sees as a campaign to expel it.

World  
The art of living.  
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a swissotel  
Park Avenue at 56th Street, New York 10022  
For reservations, see your travel agent, Loews Representation International (London, Frankfurt, Barcelona) or Steigenberger Reservation Service (throughout Europe and Israel).



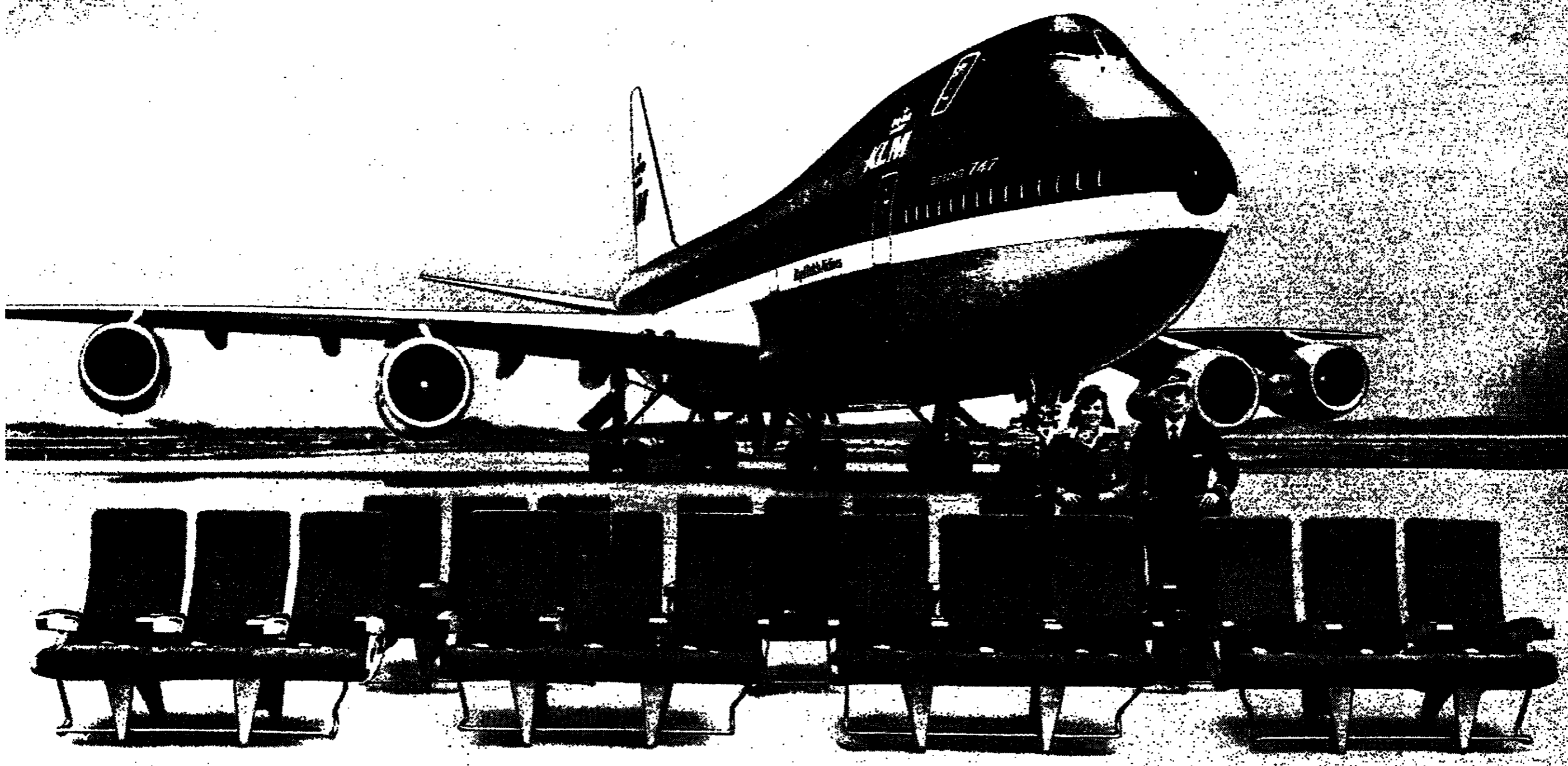


# NYSE Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock	12 Month High	12 Month Low	Stock	12 Month High	12 Month Low	Stock	12 Month High	12 Month Low	Stock
100.00	95.00	AAC	100.00	95.00	AAA	100.00	95.00	AAA	100.00	95.00	AAA
100.00	95.00	AAC	100.00	95.00	AAA	100.00	95.00	AAA	100.00	95.00	AAA

(Continued on Page 15)



We grounded 21 seats on every KLM 747-B so you can stretch your legs!

## We took 21 seats out to put more comfort in. You can rely on KLM for a better business class

Starting March 29, KLM gives the intercontinental business traveler more comfort to more places with more service! It's all part of our better Business Class.

### More comfort

- We removed 21 seats from our 747-Bs for extra leg room. So you can stretch out on long business trips.
- You are guaranteed two-abreast seating on our DC-10s. The middle seat is folded down to become a convenient table.

- KLM's Business Class is more than just a curtain. It has separate cabins that are really quiet and relaxing.

### to more places

- KLM offers Business Class services to more places around the world than any other airline.
- You can fly this intercontinental Business Class on routes between Amsterdam and the U.S.A., Canada, Mexico, Kenya, South Africa, the Middle East and most destinations in the Far East. You have separate check-in


almost everywhere to save time on the ground.

- KLM is expanding European Business Class too. You will now be able to fly it between Amsterdam and Paris, London, Manchester, Glasgow, Milan, Rome, Geneva, Zurich and Vienna.

### with more service

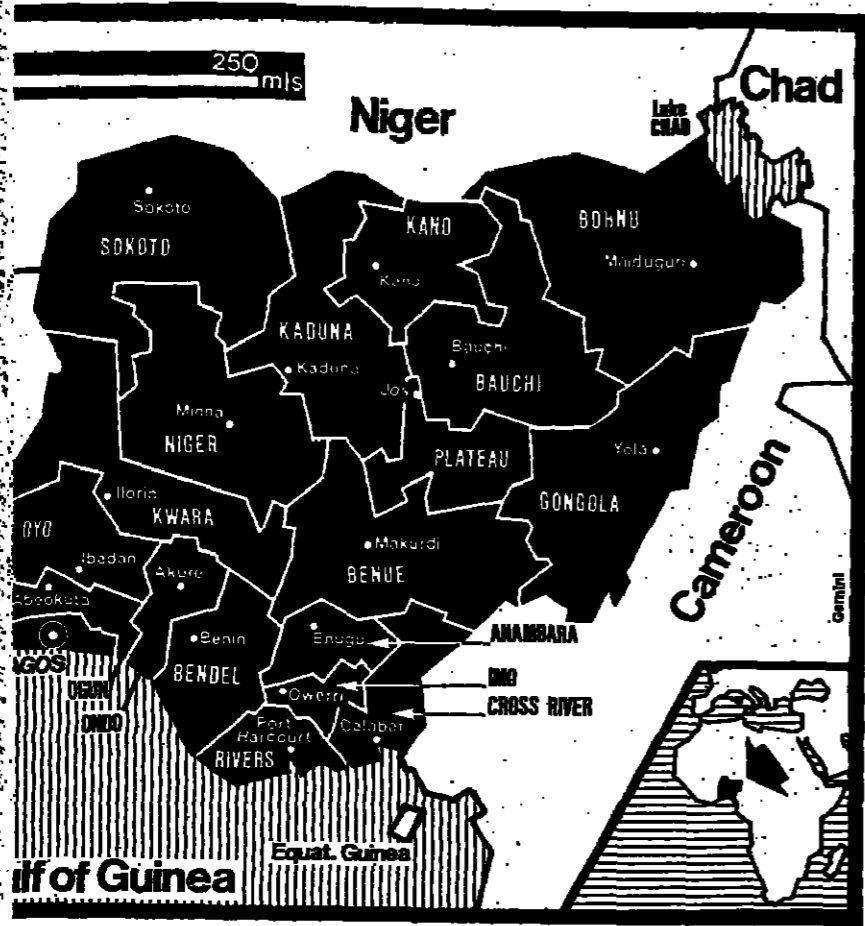
- You get a choice of Business Class meals with free wine. Plus free earphones for music and movies.
- You'll enjoy free drinks too—and you'll get a

- Delft-design ceramic coaster. It's part of a collection of 12.
- We'll refresh you with a hot towel before every meal, and give you a pair of comfortable flight slippers.



The reliable airline of Holland

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**INTERNATIONAL**  
**Herald Tribune**  
Published with The New York Times and The Washington Post  
**PARIS, MARCH, 1981**  
**A SPECIAL SUPPLEMENT**

# Banking and Finance in NIGERIA

## Budget Retains Priority for Agriculture, Industries

**By A.M. Lukic**

LAGOS — Nigeria's 1981 budget is of particular interest to investors because it is the first budget of the civilian administration and covers the first year of a new development plan.

President Shagari's government envisages capital expenditure of \$9.92 billion, and recurrent expenditure of \$10.2 billion. In addition, the 19 state governments are budgeting for total expenditure of \$11.1 billion. For the whole of 1981-85, investment expenditure is put at \$22 billion, of which \$7.5 billion will come from the federal government and its agencies and \$14.5 billion from the private sector (through the Manufacturers Association).

Although the nine-month 1980 budget envisaged a deficit of some \$1.2 billion, the final figures will show a deficit to be greatly reduced, partly as a result of the time it took to pass the budget and partly as a result of the deficit in the nine months April-December 1980. The external reserves stood at \$5.5 billion in October of 1980, compared with \$3.5 billion in October of 1979, but the import bill in October of 1980 was \$1 billion per month, down from \$600 million in October of 1979.

The government proposes no substantial changes to credit guidelines and lending rates, but banks whose monthly loans and advances to agriculture and housebuilding fall short of the minimum prescribed rate will have to deposit the shortfall with the central bank with no interest for on-lending to these sectors.

The government's policy remains tight. Manufacturers who were allowed to increase their prices by over 5 percent in 1980 are restricted to a rise of under 5 percent this year, and then only with specific government approval.

Overall, the 1981 budget, as in the 1980, is for agriculture and industries, and is being loosened to encourage investors.

The aim is self-sufficiency in food and the renewal of such traditional exports as cocoa, groundnuts and palm oil, which declined dramatically during the runaway oil boom of the 1970s.

Components on a sliding scale to encourage the establishment of industries in the hinterlands. For example, duty payable on imported parts rises from 20 percent to 25 percent in the Lagos area and drops from 15 percent to 8 percent for the Enugu area. It remains at 5 percent for Benchi.

Exporters will get a refund of duty paid on raw material imports. Reduction of excise duty will be graduated on the basis of local value added. There will be changes to rates of duty on a wide range of products — especially on vehicle brake pads and linings, to discourage the importation of defective parts.

The government proposes no substantial changes to credit guidelines and lending rates, but banks whose monthly loans and advances to agriculture and housebuilding fall short of the minimum prescribed rate will have to deposit the shortfall with the central bank with no interest for on-lending to these sectors.

Money supply will be increased by only N1.64 billion for 1981 in an attempt to reduce the inflation rate, calculated by the government at 10 percent but generally agreed to be much higher (27 percent has been suggested in some quarters).

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Nigerian President Shehu Shagari: A goal of self-reliance.

## Growing Economic Giant Sets Sights on the Future

**By Karan Thapar**

LAGOS — Nigeria is the economic giant of black Africa. And with the inauguration of civilian rule 18 months ago, this colossus has begun establishing itself as the foremost industrial power on the continent.

In this regard, the statistics speak for themselves. The country, the world's fifth largest oil producer, has an annual income in excess of \$20 billion, a growth rate of gross domestic product of more than 8 percent, a domestic market of more than 80 million people and an unambiguous and uninhibited capitalist philosophy of development.

The result is that its new five-year plan envisages a scale of development growth that is not only phenomenal in African terms, but also particularly inviting to those foreign investors willing to risk the infrastructural, social and environmental hazards of living in Lagos.

No doubt in many cases these have been vital in improving the country's communications and general services, but their sheer scale was wasteful.

What was needed, but ignored, was the development of agriculture, steady industrial investment, the provision of transport, improved educational facilities for the poor, simple housing and better and more reliable power generation. The prestige projects of the military generals had given Lagos a hint of European cosmopolitanism, but now the practical and necessary moves need to be taken.

The four National Development Plan, launched by President Shehu Shagari in January, attempts just this. In his own words, it aims at "simple, functional designs, especially with respect to standard amenities such as schools, hospitals and residential buildings." Its target is "self-sustained growth and self-reliance."

It seeks, once and for all, to correct the previous imbalances of tribal-skewed patterns, to redistribute and invigorate, and to create a basis for sustained progress long after the oil taps run dry in 20 years.

It will eventually be on this plan that history will judge President Shagari and, more importantly, for his National Party, the electorate will assess his performance if he stands again for office in 1983.

This is why urgency and impressive figures surrounded the goals of the plan. About \$140 billion is to be channelled as new investment by 1985. Of this, \$17.6 billion is the share of a

NIGERIA	
Area .....	357,000 sq. miles
Population .....	80 million
Currency .....	1 Naira = US\$1.73
GDP (1978) .....	\$45.5 billion
Inflation rate (1979) .....	14%
Foreign currency reserves .....	\$7.7 billion

The aim is self-sufficiency in food and the renewal of such traditional exports as cocoa, groundnuts and palm oil, which declined dramatically during the runaway oil boom of the 1970s.

The same target of speedy self-reliance lies at the heart of the industrial plans. Nigeria is seeking to curtail its present import level by manufacturing at home what is so far bought from abroad. It is therefore seeking iron and steel projects, liquefied natural gas plants, pulp and paper mills, and sugar, cement, nitrogenous fertilizer and petrochemical factories.

Of themselves, these targets imply that Africa's economic giant is heading toward another boom. The difference this time is that a cautious and conservative president will be holding the leash. And President Shagari has not forgotten the oil market fluctuations that crippled the last five-year development plan, nor, as a former automobile company chairman, does he need to be told of the inability of the Nigerian economy to absorb massive sums of investment rapidly.

This is no doubt why the plan, which is almost entirely financed by sales of Nigeria's oil output of 2.16 million barrels a day, nearly 50 percent of which goes to the United States, is predicated upon sound and stable oil expectations. For example, the plan only requires an increase in oil income between 1980 and 1985 of well under 50 percent in terms of current prices, a forecast that is in fact unduly pessimistic.

## A Decade of Growth for National Banking

**By G. O. Nwankwo**

LAGOS — No observer of the Nigerian scene can remain unmoved by the changes in Nigerian banking and finance since the end of the 1970 civil war. At that time, the Central Bank — a kind of the financial system — had only six branches. Today it has eleven branches and five currency centers and plans to open two more centers in the next two months, the objective a branch in each of the 19 states of the Federation.

The Central Bank of Nigeria, for example, had a total assets-liabilities of 6.6 billion Naira at the end of 1979; the 1970 figure had been \$432.3 million. In 1980, total assets-liabilities of the commercial banks amounted to \$15.2 billion against \$1.2 billion in 1970. For merchant banks, the 1970 liabilities-assets of well below \$1 million had grown to \$945.1 million in November 1980.

Overall, the 1981 budget, as in the 1980, is for agriculture and industries, and is being loosened to encourage investors.

Side by side with numerical growth is the growth in the system's assets and liabilities. The Central Bank of Nigeria, for example, had a total assets-liabilities of 6.6 billion Naira at the end of 1979; the 1970 figure had been \$432.3 million.

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## World Bank Loans May Top \$400 Million

**By Alex Rondos**

LAGOS — With about 1.2 billion Naira to be borrowed offshore to finance projects in the current budget, the role of one particular institution is often overlooked. Nigeria is the World Bank's largest borrower from Africa, and it is a link that is expanding, in spite of Nigeria's apparent riches from oil.

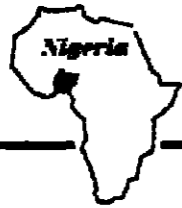
In the eyes of the World Bank, Nigeria is one of the six countries in the Western African region in which aggregate growth has been satisfactory. The annual report notes that Nigeria is one of the few countries in the region to be in a net surplus position, whereas most others suffered a severe deterioration in their external positions. Nigeria's reserves, in contrast to the region as a whole, have improved over the last two years.

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The success of the projects has resulted in both the federal and state governments wanting to reproduce the project throughout the federation and also to expand it on a statewide basis. The latter suggestion, while attractive, and undoubtedly flattering to the World Bank, would pose major problems of administration, particularly given the already-striking shortage of trained manpower.

Other projects include farm support services and feeder and farm roads in Ondo state, which should help 70,000 farm families. In Oyo state, \$69.4 million has been invested in farm support services and physical infrastructure to improve the incomes of about 55,000 smallholder farm families.



# Merchant Bankers Adjust to Constraints, See Attractive Long-Term Market

Lagos — The expansion of merchant banking in Nigeria was a phenomenon of the 1970s. Banks were given a broad license, which included doing capital market work in an economy that was expanding with oil prices. The last development plan reflected the financial aspirations of the Nigerians, and for a merchant banker there was the additional incentive of expansion of a still-limited capital market following the decree issued to keep a certain percentage of the economy indigenous.

The actual performance of the five merchant banks has reflected the constraints — and opportunities — of operating within a financial system that has a restricted capital market but also lacks a legal structured role of a merchant bank. As a result, it was only until the last year or two that one has seen a clearer role emerge for a type of banking that had become practically indistinguishable from commercial banks in Nigeria.

With assets and liabilities totaling 644.4 million naira at the end of 1979, the last official date for published statistics, they pale somewhat behind the N11.238 billion assets and liabilities of the commercial banks.

**Comparison Significant**

The comparison is significant because it places in perspective the issue that commercial bankers have been inclined to complain

against; namely, the apparently successful poaching by merchant banks into commercial bank short-term lending territory. The authorities have reacted through their annual guidelines.

The story of merchant banks' recent experience in Nigeria is an instructive one.

It was not until 1976 that merchant banks were dealt with separately in the central bank's annual credit guidelines. It was then that it became apparent that the overlapping of roles between commercial and merchant banks had become too great, especially where facilities for international trading were concerned. Merchant banks were expected to be medium-term lenders, but they were encroaching on commercial banks' short-term lending. Income statements showed that fee-related business had proven highly profitable. There have been large percentage increases in the overall contribution of letter-of-credit fees.

**2-Percent Figure**

One banker has calculated that a merchant bank letter of credit opened in Nigeria can earn 2 percent, in contrast with the one-twentieth of 1 percent that a New York customer might pay.

While the high return on assets might be a tempting explanation for the course that merchant banking appears to have taken, it would be unfair to conclude that this has

## Merchant Banks' Sources and Applications of Funds

(N million)

	1978		1979	
	Sources	Application	Sources	Application
<b>Assets</b>				
Cash and cash items	—	24.3	—	13.7
Balances held with other banks	—	5.9	—	9.2
Loans and advances	—	84.7	—	32.0
Investments	32.5	—	—	34.2
Equipment on lease	—	0.9	—	2.2
Other assets	—	21.8	—	99.1
<b>Liabilities</b>				
Capital and reserves	3.2	—	4.9	—
Balances held for other banks	3.1	—	—	5.5
Money at call	23.7	—	—	8.0
Deposit	37.1	—	48.0	—
Certificates of deposit	—	2.7	—	21.7
Other liabilities	40.7	—	—	129.3
<b>TOTAL</b>	<b>140.3</b>	<b>140.3</b>	<b>203.9</b>	<b>203.9</b>

been a conscious policy of their part.

Merchant banks are smaller and more efficient than commercial banks. In Nigeria, letters of credit are highly sophisticated. Because of the exchange controls and the import inspection plan, in addition to limited qualified manpower, such transactions have been known to take weeks. When a merchant bank can offer such a service

in a matter of days, the service is welcomed. Given the changes in exchange rates, time lapses of a few weeks can prove costly.

In spite of such conditions in the market pulling merchant banks toward short-term lending, the authorities have, through the credit guidelines, imposed clearer requirements aimed at steering the merchant banks toward their prescribed role. The latest guidelines

stipulate that a minimum of 40 percent of their loans and advances are to be medium- and long-term, with maturity of not less than three years. Not more than 20 percent will go to short-term loans, that is, those of less than 12 months, and a maximum of 15 percent of total assets is to be in equipment lending.

The constraints which the merchant banker in Nigeria faces can

best be considered severe but temporary. The early history in the 1960s was marked by a severe setback when the central bank took over the financing of the produce bills of the marketing boards in 1968. The regulations of the Nigerian Stock Exchange tend to be restrictive of the listing of stocks and have further reduced the variables within the Nigerian capital market. The combination of an undeveloped money market and the managed interest rates, in the view of one banker, limits the freedom with which some merchant banks would like to operate.

On balance, however, Nigeria offers interesting prospects. And the merchant banks feel they have advantages. There is room to be competitive, they offer efficiency by providing a different type of capital and are able to draw on corporate finance.

Furthermore, all merchant bankers are unanimous that in the last six years the Nigerian economy has shown itself to be a particularly attractive market for those looking to the long term. There are three major developments in the last period to which they point.

In the early 1970s, banks managed to make do through the existence of the Nigerian Acceptances Ltd. and the issue of treasury certificates by the Nigerian authorities during the civil war. But it was the Nigerian Enterprises Promotion Decree in 1972 which initially

sought to indigenize 40 percent of the expatriate-owned businesses that released a new wave of demand for securities.

**Oil Boom**

The boom in oil production in the mid-1970s swelled Nigeria's foreign exchange reserves and coupled with this the authorities brought out the Third Development Plan of 1975-80, which called for investment of N30 billion, a substantial increase on its predecessor.

With the Fourth Development Plan projecting expenditures in excess of N80 billion and the inevitable confidence that will attend the need to finance such a plan, it is difficult for anyone in the merchant banking community to feel pessimistic about the future.

It is more than the extension of the variety of services offered that merchant banks will be looking for. The first major unsecured debt issue of N15 million will soon be presented. Though this may be an isolated case, it is seen as just the thin start of a welcome edge. With the increasing demands by the government on participation in agriculture, merchant banks will be extending their advisory capacity. It is in fact in advisory and management services and in corporate financing that merchant bankers feel that they will have to plunge in the coming years.

## The Naira Value Key To Trade

Lagos — The naira value key to trade... (Text partially obscured and difficult to read due to image quality)

## Priorities: Agriculture, Industries

(Continued from Page 7S)

percent on CIF prices, but again local costs can be added.

There are several changes proposed to the income policy. In 1981, companies will be allowed to declare as dividends only up to 60 percent of after-tax profit instead of having the option of declaring 25 percent of paid-up share capital if higher than 60 percent of after-tax profits. This had enabled some companies with low profits to pay higher dividends last year. The government plans to forbid the creation of bonus shares on the basis of a revaluation of assets.

No changes are proposed in the existing regulations concerning management fees, technical service fees, royalties and directors' fees. Company tax remains at 45 percent. The government proposes a two-tier withholding tax at 12.5 percent for residents and 15 percent for nonresidents, which it justifies by the wide-ranging tax rates in overseas countries. Despite the fact that this is better for investors than an original proposal for a 25 percent withholding tax rate, it might still be seen as a deterrent to investment, despite government claims to the contrary.

Because of constant complaints about delays in issuing tax-clearance certificates, the govern-

ment plans to introduce a number of measures to speed up the procedure. There are some changes to the tax rates.

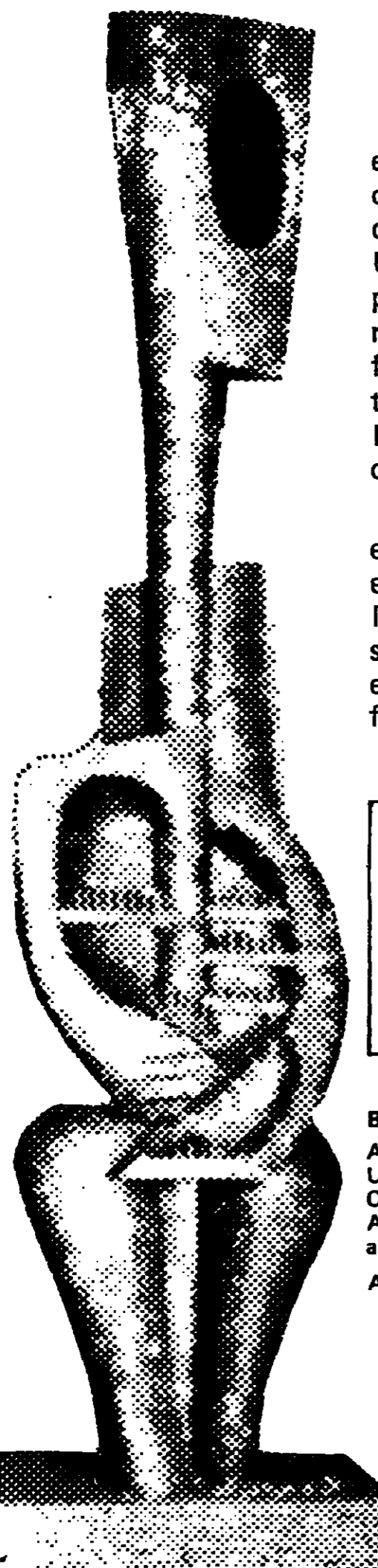
The president included in his draft budget a mention of plans to provide opportunities for overseas investors. These are linked to the recently established Industrial Development Coordination Committee, which promises to give a decision on all aspects of establishing a company in Nigeria within four weeks of application.

As stated in the Ministry of Industries' guidelines to investors, priority is being given to investment in agriculture and manufacturing. The incentive package for industrial entrepreneurs has been substantially modified. Education and housing are two other fields offering opportunities. The construction industry, in particular, should benefit here and at the federal capital territory of Abuja, where some of the main contracts are to be awarded this year.

In addition to the N259-million capital expenditure allocated to Abuja in the budget, an additional N350 million, representing Abuja's share of federal account, will be made available. The government plans to modify the 1973 Companies (Special Provisions) Decree to widen the scope for overseas companies, with Abuja's development in mind.

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Liabilities, March 31:	1980	1979	Assets, March 31:	1980	1979
	N'000	N'000		N'000	N'000
Shareholders' Funds	77,208	65,228	Cash & Banks	762,991	497,169
Deposits etc.	1,638,286	1,219,578	Investments	39,883	39,961
Contra Items	772,169	516,155	Loans & Discounts	864,836	703,004
Unappropriated Profit	389	362	Contra Items	772,169	516,155
			Other Assets	48,173	45,034
<b>TOTAL</b>	<b>2,488,052</b>	<b>1,801,323</b>	<b>TOTAL</b>	<b>2,488,052</b>	<b>1,801,323</b>

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## National Financing Structure: Vital Backing for Agriculture

Imagine a farmer about four or five acres. He is asked to increase his yield. He is advised that the prices of improved seed and fertilizer will rise. The farmer will borrow. He will either go to a moneylender or indebted through the traditional system of banking, hoping for a good weather and success in his crop. He will pay off his debt and have a surplus.

Imagine a banker. He will take the farmer into his office, in the new bank branches under the Rural Banking Scheme. The banker might even be a mobile bank that travels through the traditional system of banking, hoping for a good weather and success in his crop. He will pay off his debt and have a surplus.

According to the outlined Fourth Development Plan, Nigeria is to be self-sufficient in food and cash crop production to be fully reviewed within seven years. This is the fundamental objective of the "green revolution" to which President Shagari's civilian administration committed itself when it came to power in October 1979.

In the meantime, food imports have, according to one estimate, increased by 45 percent in the last four years. Cash crop production has continued to decline, with cocoa purchases in 1979 standing at 162,118 tons against 165,000 tons in 1977; cotton fell in the same period from 181,100 tons to 117,359; peanuts from 140,000 tons to a mere 53, and palm kernel from 301,900 to 222,756 tons. Rice is imported by quota, and has been the subject of some controversy recently.

Aggravating the problem are changing food-consumption patterns in growing urban areas. Bread is now eaten in towns, which means expensive imports of wheat, and rice — also a relatively new urban taste — is imported because the imports are cheaper than the domestic grain.

With 90 percent of Nigeria's agricultural output produced by the small farmer, and despite the intention to encourage large-scale enterprises in this sector, the problem of supplying credit is clearly recognized in the Fourth Development Plan.

"Access to institutional credit is virtually non-existent for the average farmer due to inability to satisfy set conditions," the plan says. "Even when some form of credit is available returns to investment are typically low, given the low production capacity and the limitations of the traditional agricultural system. Direct lending schemes have tended to favor corporate large-scale farms and farmers who possess adequate collateral."

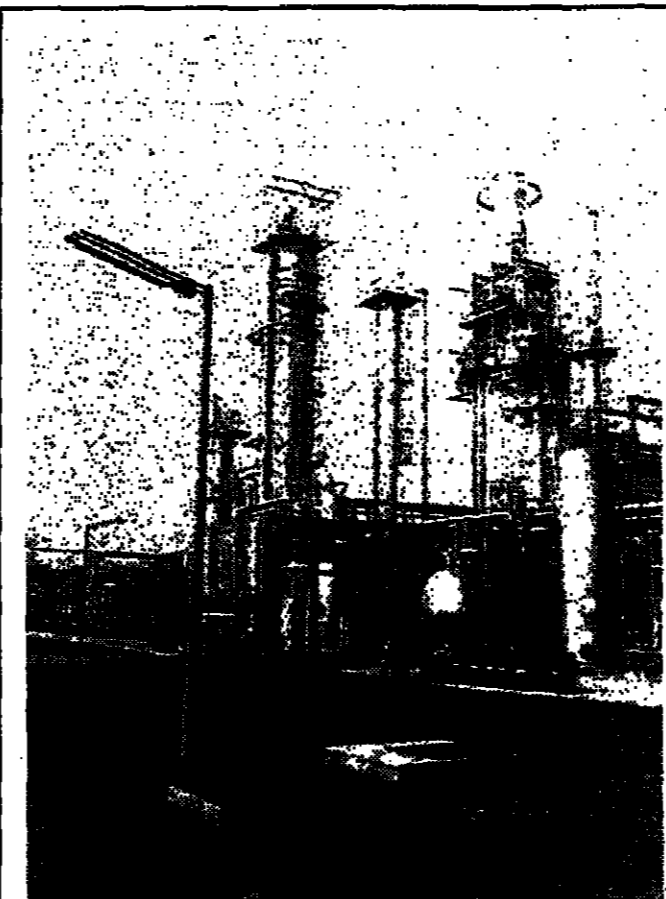
of Nigeria — is the guarantor of up to 75 percent of loans made by commercial banks in the agricultural sector. Commercial banks, under the Central Bank's credit guidelines, are required to commit eight percent of their loans and advances to agricultural production.

The Agricultural Credit Guarantee Scheme is still young but the evidence suggests that it will be successful. It has managed to reinforce the commercial banks' shaky attitude toward the rural sector. Last year the banks satisfied the Central Bank by meeting the guideline requirements. However, this does not prevent major impediments in development of a close relationship between banker and farmer.

An Unsolved Problem  
The Rural Banking Scheme has gone some way in alleviating the problem of low banking density in rural areas, although it can be argued that having a bank in some small town is not quite the same as going out to the farmer and selling one's services. But while the eligibility of the borrower and the matter of his security remain unestablished it is difficult to see how confidence in farmer-banker relations can develop.

One expert has stressed that so long as the farmer cannot obtain the certificate of occupancy required under the reforms of the Land Use Decree, there is no way in which he can prove his loan eligibility, let alone offer security. One of the characteristics of the Nigerian banking system is that banks are highly liquid. It is therefore difficult for them to face the protracted amortization that is a feature of lending in the rural sector. Then there is the problem of supervision of loans to avoid diversion of the money. The consensus is that little will be achieved until more trained banking staff emerge from the system.

Two very different methods of borrowing do exist, however, and should be seen as part of an entire system. Bankers are now being advised that if a farmer can neither prove his eligibility nor offer adequate security, then the assurances of the local "big man" should be acceptable. Of course this is an interim practice.



WHERE THE MONEY IS: Oil, the driving force of Nigeria's economy, is processed at a Nigerian refinery.

## A Decade of Growth for Banking

(Continued From Page 15)

than prevailing conditions in foreign countries, and improving Nigerian access to bank credit with an enlarged system of distribution and allocation.

Other development functions that the CBN emphasizes are provision and organization of development finance for government and private sectors; development of the banking habit through improvement in institutional arrangements, accessibility, costs and convenience of banking facilities; mobilization of domestic savings; eradication of malpractices in Nigerian banking; and training personnel for the banking industry.

By thus emphasizing development rather than traditional functions, the CBN seems to have opened new dimensions in African central banking. Three examples illustrate this.

Expanding Guidelines  
First, taking into account the country's undeveloped financial environment, the CBN discarded the traditional techniques of open market operations, variable liquidity ratio and bank rate. With the magnitude of problems making moral exhortation ineffective, the CBN relied on direct action to control the volume, direction and cost of money and credit in the economy through its annual monetary policy guidelines started in 1969.

Limited at first to commercial banks, but extended in 1976-1977 to cover merchant banks and in 1978-1979 to insurance companies, these guidelines cover interest rates and rendering of returns, credit ceilings and percentage shares, as well as prices and allocations for preferred sectors and others.

In addition to controlling volume, direction and cost of money and credit in the country, the guidelines have enabled the CBN to influence the operational orientation of commercial and merchant banks. They have ensured that the preferred sectors — including manufacturing, agriculture and residential housing — get increased allocation of credit at more favorable rates of interest (than the less preferred sectors (general commerce and others)). As a result of the guidelines, the share of commercial bank loans and advances to the preferred sectors increased from 32.6 percent at

The outlook for Nigerian banking in the next decade: More sophisticated services will be demanded of the banks in the 1980's...

the end of 1970 to 70.3 percent at the end of 1979, while the share of the less-preferred sector declined from 61.5 percent to 29.7 percent during the same period.

As a result of special emphasis on agriculture and residential housing, these two sectors began in 1978 to attract specific allocations at concessional rates of interest.

In 1980 a policy was instituted that required banks to deposit (at no interest to themselves) any shortfalls from the minimum ratios to these sectors with the CBN, which would then lend the equivalent of the shortfalls to the Nigerian Agricultural and Cooperative Bank in the case of agriculture and the Federal Mortgage Bank in the case of housing loans for lending to the agricultural and residential housing sectors.

Increased Agricultural Credit  
The second illustration of the development orientation of the CBN in the 1970s is the Agricultural Credit Guarantee Fund Scheme. Established in 1977 with a fund of N100 million, 60 percent of which is subscribed by the federal government, the plan guarantees loans granted by commercial and merchant banks for agricultural production with the aim of increasing credit to the agricultural sector.

For the first eight months of its operations in 1978, the plan guaranteed 341 agricultural loans amounting to N11.3 million. In 1979 a total of 1,105 loans amounting to N33.6 million was guaranteed by the plan, while in 1980 the figures were 945 loans amounting to N31 million.

1977. Aimed at providing banking facilities in rural areas, the plan established within three years ending in June 1980, a total of 200 rural branches throughout the country. In July 1980, the second three-year plan was begun under which commercial banks are expected to open 266 additional rural branches in the three years ending in June 1983.

In spite of these developments, it must be emphasized that Nigerian banking and finance is ill-equipped to satisfy completely the country's aspirations for faster development in the 1980s. For a country as large and potentially rich as Nigeria, 26 banks and 600 bank offices are inadequate. More banks should be encouraged to set up shop in the country and vigorous branch expansion should be encouraged partly by intensification of the rural banking plan and decongestion of urban areas.

The banks must continue to be persuaded, even pressured, to change their operational posture and adapt to faster development. Bank lending is still essentially short term and the attitude toward customers essentially indifferent.

As faster development calls for more medium- and long-term lending to the productive sectors of the economy and the training and nurturing of indigenous entrepreneurs, effective marketing of financial services calls for a change from armchair to dynamic banking.

There is an urgent need, too, for the development of private-sector instruments that can be traded in the money and capital markets to redress the present situation in which government instruments dominate the two markets.

Finally, there is an imperative need to step up training and executive development programs in the banking industry in order to exploit the country's bright prospects.

More sophisticated services will be demanded of the banks in the 1980s in response to changes in the nature of the businesses they are called upon to finance and to increased knowledge and discrimination among their customers.

G.O. Nwankwo is executive director of the Central Bank of Nigeria and the author of "The Nigerian Financial System," published by Macmillan.

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### The History of a 'Decided Convenience'

**L**AGOS — When the shareholding patterns of banks in Nigeria were changed a few years ago, to give Nigerian interests at least 60 percent of the equity, the Standard Bank of Nigeria changed its name to the rather grand title of First Bank, since it could show a direct line of descent from the first bank to open in Nigeria, almost 90 years ago. When that first bank started its activities the British colonial colonies had not yet evolved into their final shape and the economy of West Africa was very different as well.

It was the first manager of the British Bank of West Africa (BBWA), George Neville, who advanced the money which enabled the Governor of Lagos, Sir Gilbert Carter, to launch the Nigerian rubber industry. In 1893 that industry exported 56 pounds of rubber, worth 3 pounds sterling; in 1906 it exported 927,627 pounds worth more than £91,000. (Last month the managing director of the Nigerian Rubber Board announced plans to plant 10,000 hectares of rubber, largely to feed domestic rubber factories).

George Neville was, in effect, the father of the BBWA. An agent at Lagos for Elder Dempster, the shipping group, he had been on the African coast since the 1870s. When he went to England on leave in 1891, he proposed to Elder Dempster head Alfred Jones that the company open a bank in West Africa.

What had prompted Neville was the increasing use of British silver coins — florins, shillings, sixpence and threepenny pieces — in the daily life of West Africa. The pieces, shipped out from the Royal Mint in London, had to be re-counted on arrival, packed into sacks of 100 and then stored. All this took time and, on occasion, space that could have been more profitably used. Elder Dempster derived no benefits from the money other than shipping fees.

Neville had foresight. Between 1886 and 1890 the number of coins imported annually averaged 24,000; in 1891-95 it was 116,000 and in 1896-1900 it was 257,000. By then the bank had a monopoly on coin imports which it could "sell" at a markup of not more than 1 percent. Indeed, getting that monopoly had been one of the pre-conditions for opening a bank in Lagos. The other was that the bank should get the government's business.

Alfred Jones, to whom Neville made his proposal, had visited West Africa at 14 as a ship's cabin boy. Later he joined the Liverpool office of the African Steamship Line, founded in 1850 by Macgregor Laird. In the same building were the shipping offices of Macgregor's brother William, where an apprentice named John Holt worked. Holt, who became a lifelong friend — and business "enemy" — of Alfred Jones, set up his own business after a while, then was invited to join Elder Dempster. Within a year he was senior partner and had merged Elder Dempster's British and African Steam Navigation Company with the African Steamship Company for which it was agent.

By 1902 Elder Dempster was describing itself as "the largest ship-owners in Britain" and "one of the largest commercial houses in the world." It had a near monopoly on shipping to West Africa, owned oil mills in Africa, coaling stations in the Canary Islands and elsewhere, a hotel at Sekondi and others in Jamaica, Britain's first British banana-importing and distributing firm, gold mines, engineering firms, a stevedoring business, engineering firms and others connected with the shipping business. All of them had seemed to come naturally in the wake of Alfred Jones.

When Neville suggested to Jones that bank facilities were urgently needed, Jones told him to try to persuade an existing bank to start a branch in Lagos. Neville approached the African Banking Corporation (ABC), which had just opened for business in South Africa. The ABC board accepted Neville's plan and appointed him agent. It took some prodding from Alfred Jones to get the Colonial Office and the Crown agents, who had hitherto been responsible for new-silver shipments, to agree to sole silver-import rights and government banker, though the latter idea was warmly welcomed by officials in West Africa.

The bank opened for business in September 1891 but soon hit snags. In October the London manager, at the request of Lagos, asked the Crown Agents to issue an order on the Royal Mint to ship £50,000 worth of florins to Lagos. The Crown Agents refused, claiming that there was plenty of coin

in the treasuries of the various colonial governments on the West Coast. The Colonial Secretary refused to sanction the shipment until he had had a full report from the Lagos government. Meanwhile Neville — who had received two shipments of 5,000 pounds each but needed much more — was pressing for the rest.

On Dec. 1 of that year, Alfred Jones joined the issue and wrote to a senior Colonial Office official for help in the matter. "We have put our names to [this bank] and we must not allow it to be weak at any point. A good sound bank in Lagos, and in other colonies in Africa, is an absolute necessity for the development of the country. Don't let us fail now in any little point...I shall be glad also to hear that the government has given our bank in Lagos their account." (The latter did not happen until May 1892).

On Dec. 10 the Crown Agents gave the bank permission to ship silver "without restraint." In March 1892 disputes between the Ijebu and Egbas tribes closed the roads between Lagos and Abeokuta and virtually halted the colony's trade.

The following year the ABC found its hands pretty fully occupied in South Africa, its main concern, and asked Alfred Jones if Elder Dempster would take over the Lagos operations. Jones agreed, paying £1,000 and undertaking to refund ABC's costs.

The Crown Agents were not happy to entrust the silver currency to the "private bank of a shipping firm," partly because of one official's personal dislike for Jones, so they "requested" that a public company called the Bank of British West Africa be set up. It was, in 1893, and branches were opened in Accra in 1896, Freetown in 1898 and Banjul (then Bathurst) in 1902. Alfred Jones was chairman and principal shareholder until his death in 1909.

The path to the BBWA was not easy. Authorities in London intercepted the silver monopoly until £10,000 worth of British government securities had been deposited on behalf of the new bank and even instructed the governor of Lagos to close the official account there. George Neville dealt with that by calling on the acting governor to explain that withdrawal of government funds while the bank was changing ownership might

cost a run on the bank. Neville offered to deposit £5,000 in gold the government treasury if the court was to be paid.

This proposal was accepted. Acting Governor G.C. Deane called it to London with the request, "As far as I have the means of ascertaining the Lagos Bank... has conducted its business very fair and has given full satisfaction... It has not only very judiciously assisted the business by the system of local advances in the extent of 50 percent of the value of the goods which it is shipped, but... I believe, has been the... the most judicious... from government point of view since a decided convenience."

With these provisions behind the bank's business method the first balance sheet showed a profit of £37,605 — more than it cost the parent capital and adequately deposited by Alfred Jones. The profit was 25 percent on £131. As the currency of West Africa developed through 1890s, so did the business of British Bank of West Africa.

The BBWA opened with competition until 1899, when success and the trading along the coast of its links with a shipping company led the African Association — headed by John Holt — set up the Anglo-African Bank. Old Colaba, where its main headquarters were, had been a "monopolized" of merchants "in mainly in Liverpool and Manchester and trading with West Africa had been flourishing with Alfred Jones about shipping rates, then changing their own vessels' tonnage."

By 1905 the Anglo-African Bank had opened a branch at Gambia in the Ivory Coast and it grew enough to change its name to the Bank of Nigeria and to issue a share of the silver monopoly and of government business. In 1910 the Colonial Office agreed to this division, but at about the same time the Bank of Nigeria agreed to sell to the BBWA. After the long competition that undoubtedly helped spread banking services in Nigeria and elsewhere in West Africa.

Alfred Jones, by now Sir Alfred, who had fought for the bank's real growth, died in December, 1909.



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## Package of Incentives for Development

OS — In its election manifesto, the President's party, National Party of Nigeria, expressed its commitment to a mixed economy. It also emphasized the need to attract foreign investment to help develop Nigeria's industry, strengthen her infrastructure and ensure the transfer of technology. Now, months in office, the administration is following up on its promise. It proposes to the Nigerian Enterprises (Amendment) Act to allow foreign investors a larger share of equity in types of enterprises. Under the new law, foreigners will be able to own up to 60 percent interest in the production of consumer goods, fertilizers and in sugar plantations and in agricultural plantations for tree crops, grains and other crops. They will be able to own up to 40 percent interest in the manufacture of jewelry and articles, garment manufacturing and watch repairing, milling, all exclusively for export. Rescheduling of foreign debt is particularly aimed at easing the burden of servicing. But the new law will require a 60 percent Nigerian

share in no doubt that Nigeria has not been badly served by the lack of confidence and uncertainty about the military government in the 1970s. The first decree, which divided enterprises into two — those which must be owned by Nigerians and those which foreigners might own — was amended in 1977. This reclassification was into three "schedules" — the one that still allows foreign operations. One lists 40 types of enterprises, including such activities as mining and public relations, distribution agencies and armaments, wholly reserved for Nigerians. Schedule Two lists 39 types of enterprises, including such activities as insurance, clearing and a variety of industries in which foreigners can own up to 60 percent.

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- Engineering and transport industries (manufacture of component parts for vehicle assembly plants); metalworking and plant maintenance industries.
- Chemical, particularly pharmaceutical, industries; industrial chemicals and downstream petro-chemical products.
- Scientific instruments; school and medical laboratory equipment.
- Telecommunications equipment manufacturing (telephone cables and receivers, exchange engines, intercom outfits).
- Electrical and electronics manufacturing industries, as distinct from the assembly of components, e.g. electric fans, air conditioners, refrigerators and freezers, bulbs and fluorescent tubes, elevators and escalators; household electrical goods such as irons and kettles, electric cookers; radio and TV sets (with locally manufactured components); musical instruments.
- Household equipment and furniture, cutlery, crockery and kitchenware.

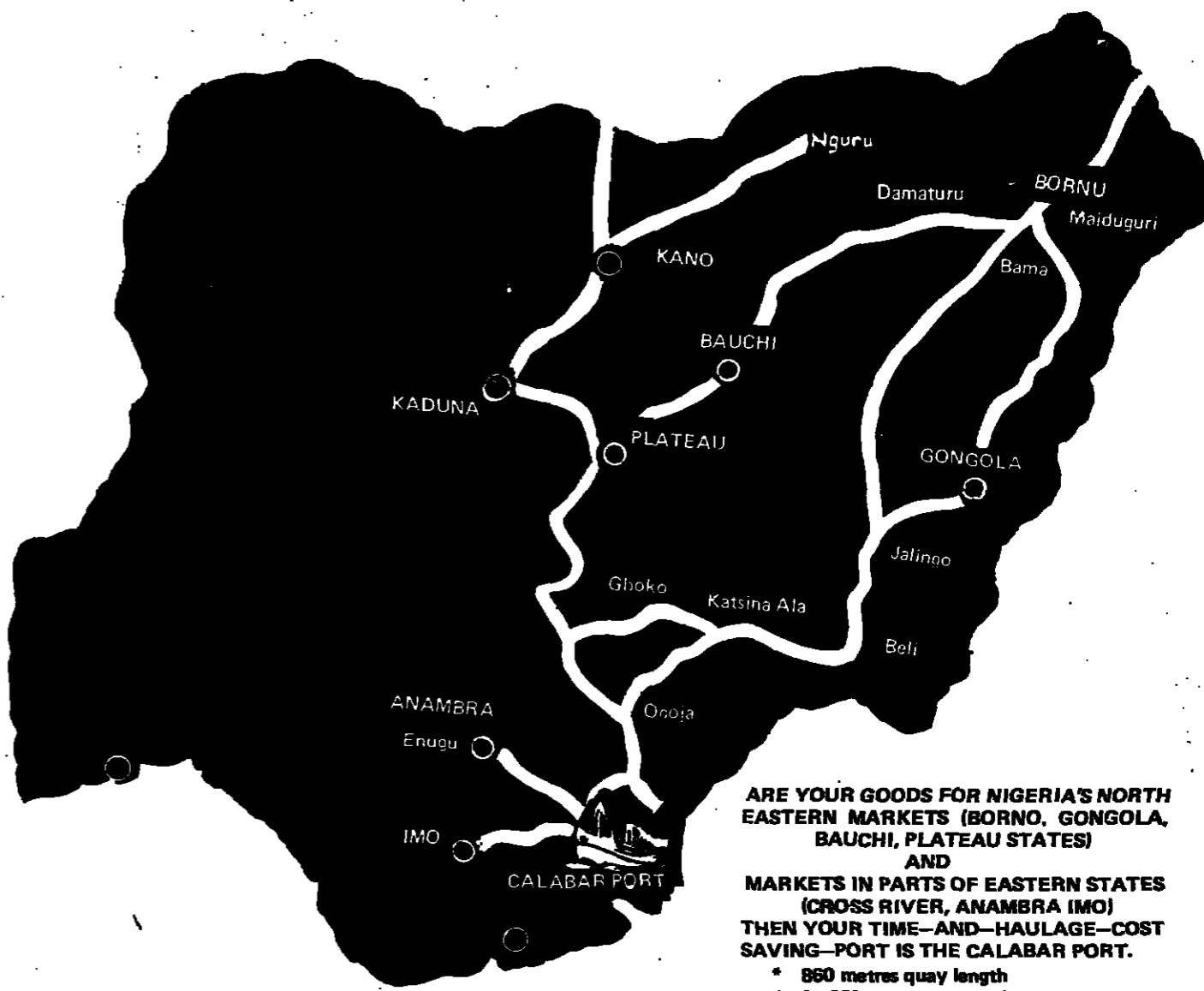
It is, in the words of the Minister of Industries, "the first comprehensive blueprint" of Nigeria's long- and short-term industrial aims, and is based on the industrial program outlined in the NPN election manifesto. As well as setting down government priorities and incentives, it carries a list of 36 relevant laws and regulations. It states: "The main thrust of government effort will shift emphatically to the provision of incentives and infrastructural facilities, the removal of unnecessary disincentives and obstructions and the facilitation of procedures and approval processes — all are designed to make things easier for the industrial entrepreneur."

Nigeria is undoubtedly still a growing market for capital goods, but profits from consumer goods can be made only by investing in their production in Nigeria in partnership with local industries. The new emphasis is on industries which use local raw materials, especially agro-based industries in furtherance of the "Green Revolution" (see box for current priority areas). The administration has rejected the import substitution strategy whose benefits to the national economy, Mr. Adamu said, "have been minimal, principally because of the invariably low level of local value-added."

Now industries which try to increase local inputs will be encouraged. Wherever possible, local raw materials must be used, and a certain time span is given for changing over to the use of such materials. Linkages between industries will be encouraged, as will backward integration, through relief tax and incentives. Approval of export quotas will be tied to a company's plans for staff training. Enterprises will be encouraged to maintain research and development units. There must be a time-plan for transfer of technology.

Incentives currently being offered include "pioneer status", which gives a tax holiday of up to five years; an "approved users' scheme" under which manufacturers are allowed to import certain raw materials free of duty or at concessional rates; graduated excise-tax reduction for local value-added; and substantial concessions for agro-allied industries. Dispersal of industries throughout the country will be encouraged and "industrial free zones" created for industries producing exclusively for export. —A.M.L.

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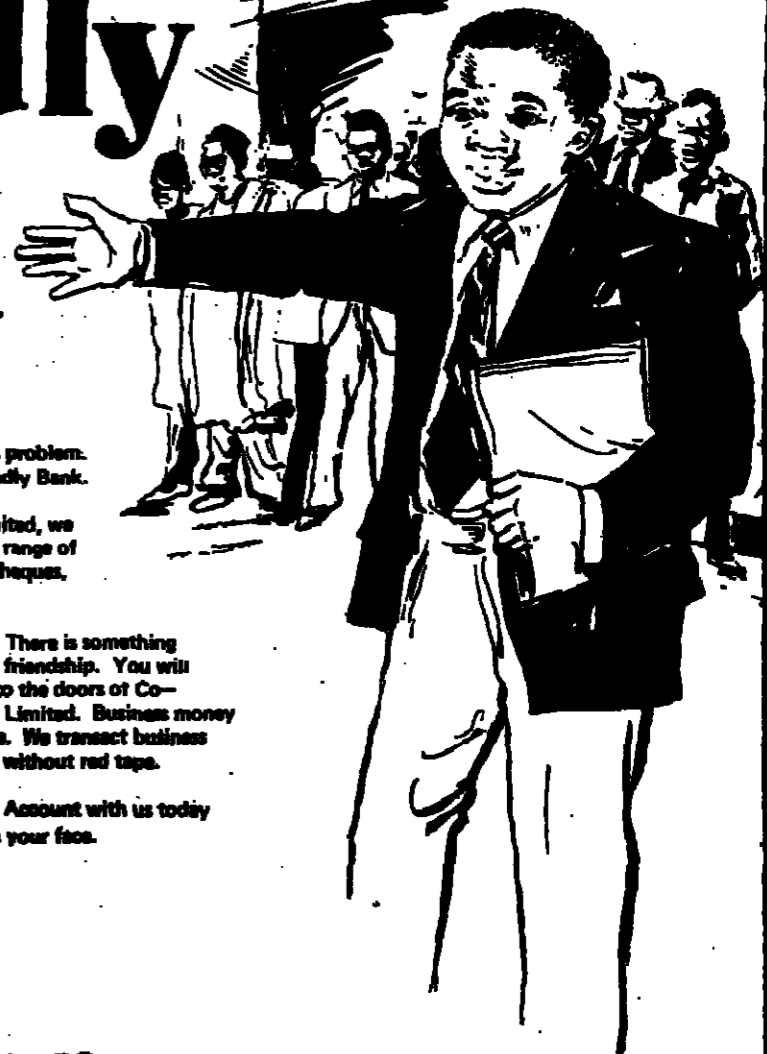
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# Political Issues: The States and Revenue Sharing

By David Williams

**L**AGOS — Two political issues seemed to be certain threats of danger for the Shehu Shagari administration when it took office in October, 1979. These were the creation of new states and the formula on which federally collected revenues, almost the only source of public funds in Nigeria, would be allocated among the federal, state and local governments. The solution of the states issue, although gathering steam, lies ahead, but in his most striking political success so far the president has secured a National Assembly vote for his revenue allocation proposals.

In late February, Mr. Shagari was able to sign a bill that should provide a workable system during the rest of his term of office and beyond, even if its critics turn to the courts in the hope of nullifying it and reopening the issue.

Between 1946 — when Nigeria was divided into what is now the former three regions — and 1977 — by which time Nigeria had 19 states — no fewer than seven commissions examined the revenue allocation formula. All federations face the problem of financing the various "tiers" of government, but in Nigeria the problem is particularly acute. Here, with the exception of the big northern emirates in the period when they collected the "community tax," only the central (later federal) government, through its control of import and export duties and company tax, has been able to collect significant revenues.

The advent of oil, now producing almost 80 percent of federally collected revenue, emphasized the financial dominance of the federal government. But the act of demanding more of this revenue for state or local governments is attractive to politicians.

### Revenue Division a Quandary

Although the arguments can be complex, they really concern two issues: To what extent should revenue, even if federally collected, be returned to the state or states from which it is claimed to "derive" — whether through mineral or other production or consumption of taxable goods; and to what extent should the allocation take into account "need," represented most obviously by population but also by accidents of history or geography. In general, the commissions have moved from "derivation" to

## Shagari Has Advanced on Formula to Allocate Income

"need," and the states do have considerable responsibilities — in education, roads, agriculture and the like.

The last commission before the civilian government took over, the Abovade Committee, went so far as to abandon "derivation" altogether. It recommended instead five new principles: equality of access to development opportunities; national minimum standards for national integration; "absorptive capacity;" a state's independent revenue and tax effort, and "fiscal efficiency."

The military government accepted this highly academic formula provisionally. But the formula found no favor with the civilian Constituent Assembly drawing up the constitution for a civilian regime. One of the first tasks of President Shagari was to appoint a new Revenue Allocation Commission, under Ibo economist Dr. Pius Okigbo.

The commission reported on June 30, 1980 and the federal administration accepted most of its proposals, which paid some regard to "derivation" but less than was paid by any other commission except the Abovade Committee.

Although its proposals were far simpler than those of the Abovade Committee, the Okigbo Commission did try to refine some of the cruder concepts of revenue allocation. It suggested, for example, a "Social Development Factor" to be represented by primary school enrollment, to account for 15 percent of the allocation to states. Out of this 15 percent, 11.25 percent would be shared on the basis of direct primary school enrollment, while the balance of 3.75 percent would be shared on the "basis of inverse enrollment which will be represented by the number of children of primary school age who are not in school" — an effort to help states still backward in education. This proposal, approved by the president, was dropped by the legislature.

### Narrow Viewpoint Implied

When presenting his budget proposals for 1981, President Shagari included the Okigbo formula, with some amendments. In the meantime, there had been loud demands from state representatives — in-

cluding those of the president's own party — for a much greater share of federally collected revenues. Critics maintained that the Okigbo Commission did not reflect popular opinion.

The president's revenue allocation proposals came to the two houses of the National Assembly — the Senate and the House of Representatives — in the form of a bill. The lower house wanted major changes in favor of the states, the Senate minor ones. In accordance with the constitution, a joint committee of both houses met to reconcile their differences, and it accepted the Senate proposals.

Now, the federal government takes 58.5 percent of federally collected revenue, the state governments 31.5 percent, and local governments 10 percent. The federal government's 58.5 percent is divided into 55 percent to the center for "minimum duties and responsibilities of the federal government," 2.5 percent for initial development of Abuja, the new federal capital already under construction, and 1 percent for aid to "ecologically degraded" areas — principally those that might suffer from oil spillage or damage from mining.

From the states' allocation, funds equal to 5 percent of all federally collected revenue are divided among mineral producing states on the basis of "derivation." The remainder is divided as follows: 50 percent equally among all states, 40 percent on the basis of population, and 10 percent on a new principle of "land mass." Of the 10 percent to local governments, 50 percent is to be shared on the basis of "minimum responsibilities and duties," 40 percent according to population and 10 percent according to land area.

The House of Representatives had wanted to reduce the federal government's share to 50 percent, increasing the share of state governments to 40 percent and leaving that of local governments at 10 percent. Voting in the joint committee was very close; the proposed 58.5 percent for the federal government, for example, attracted 13 ayes and 11 nays. Twelve members from each house formed the committee, whose decisions do not have to be endorsed by the two houses.

The National Assembly's decision, however, was entirely satisfactory to the federal government. The changes made in the president's original proposals, which differed only slightly from the Okigbo Commission's proposals, affect only the division of revenue between the state and local governments, and the principles on which the allocations of these two "tiers" of government are to be spent.

The president no doubt also derives satisfaction from the support given to him in the Senate by Senators from the PRP and GNPP, as well as his own National Party of Nigeria (NPN), even if the opposition of NPP senators was a further blow to the existing NPN-NPP alliance, which was intended to ensure a majority in the National Assembly.

The National Assembly's approval was particularly important for the advancement of the federal budget for 1981, which was based on the president's formula.

Even the Okigbo formula, endorsed by the president, for division of the states' share of revenue, may have seemed too complex to the legislators — although much less complex than the earlier Abovade formula. The Okigbo formula's "social development factor" was difficult to understand and was dropped.

The new principle of 10 percent for "area" takes into account, for state and local governments, the extra cost per citizen of administering and providing services for sparsely populated areas. There is great variety in area and population density among Nigeria's states. Borno, for example, with just over 3 million people, is 117,000 square kilometers in area; while in Iwo a somewhat larger population lives in only 13,000 square kilometers. Local government areas show similar disparities.

For the president, the National Assembly's acceptance of his proposals offers satisfaction for other reasons. As a member of the Constituent Assembly, long before he was named NPN presidential candidate, he offered suggestions for revenue allocation very similar to those now adopted. In 1978 he bitterly attacked the Abovade pro-

posals for being "absurd and abstract," claiming they would remove the problem of revenue allocation from the understanding of the ordinary man in order to make its operation the exclusive preserve of "technocrats who are prone to manipulation, favoritism and other weaknesses."

Above all, Mr. Shagari said, the "population factor" could not be ignored. He finally suggested some 53 percent for the federal government — including 2 percent for the Federal Capital Territory — 34 percent for states and 10 percent for local government.

Local authorities, it is said, proved incapable of spending even their previous allocations usefully, and the presence of apparently surplus funds attracts the wrong type of people. Allocations will continue to go directly to the councils from the federation, an innovation in Nigerian local government introduced by the military regime, and state governments will remain unable to use any surplus.

But the federal administration is determined to develop democratic and effective local government, and to make funds available for it — the new formula gives it 8, instead of 3, percent of federally collected revenue.

### State Share Increased

State governors and other representatives, including those from the president's own party, will continue to complain that the states' share of revenue is unjustly small. But in fact the new formula cuts the federal government's share of revenue by 20 percent and increases that of the states correspondingly.

The already enormous increase in their funds from federally collected revenue is shown by comparing the figures for 1968-1969 and for 1976-1977 — a 15-fold increase in revenue. The Okigbo Commission calculated that to discharge its responsibilities — which include, for example, not only defense, police and external affairs, but the running of 16 universities and "a host of research institutes" — the federal government needed at least 60 percent of the revenue it collected. It also has to service external debt, some contracted on behalf of states. It has, however, in expectation of a continuing rise in oil revenues, agreed to accept 5 percent less than the Okigbo Commission recommended.

## Balance of Payments

Item	1980	1981	1982	1983	1984	1985
Merchandise Exports	14,640	15,672	16,758	17,894	19,030	20,206
Merchandise Imports	11,818	13,263	14,884	16,603	18,418	20,548
Trade Balance	2,822	2,409	1,874	1,291	612	-242
Net Non-Factor Service	-993	-1,122	-1,271	-1,444	-1,628	-1,820
Net Factor Payment	-240	-137	-59	-29	108	208
Current Account Balance	1,589	1,150	544	800	1,160	1,390
Net Transfers	-233	-262	-288	-308	-327	-346
Direct Foreign Investments	240	264	290	320	350	380
Official Capital	560	700	750	800	850	900
Change in Reserve (Minus Increase)	-2,156	-1,852	-1,296	-624	1,227	1,390
Reserve Level	5,357	7,209	8,504	9,128	8,900	7,507

## Oil Sector Account

Item	1980	1981	1982	1983	1984	1985
Output in Million Barrel/Day	2.15	2.29	2.24	2.28	2.32	2.37
Domestic Demand in M.BBL./Day	0.25	0.28	0.31	0.35	0.39	0.44
Exports in Million Barrel/Day	1.90	1.91	1.93	1.93	1.93	1.93
Exports in Million Barrel/Year	694	698	702	705	706	706
Price in Naira per Barrel	20.10	21.31	22.50	23.94	25.38	26.90
Exports at Current Price	13,939	14,877	15,854	16,867	17,912	18,980
Exports at 1977 Prices	6,595	6,648	6,676	6,781	6,713	6,718

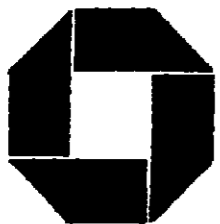
In a sense, the argument about the division is pointless. Apart from the crisis of the Ministry of External Affairs, procurement of supplies and other activities abroad in which the state governments also engage, all federal expenditure except that on the new capital takes place in the states. The state governments, in addition to statutory allocations, receive large ad hoc subsidies from federally collected revenue. Money retained by the federal government is not "lost" to the states or their citizens. The states have shown a notable lack of fiscal discipline.

The individual citizen, too, although he may or may not prefer control of spending to be near at hand, is unconcerned about how education, roads, water supplies, health services and the rest are financed, but concerned only with their quality.

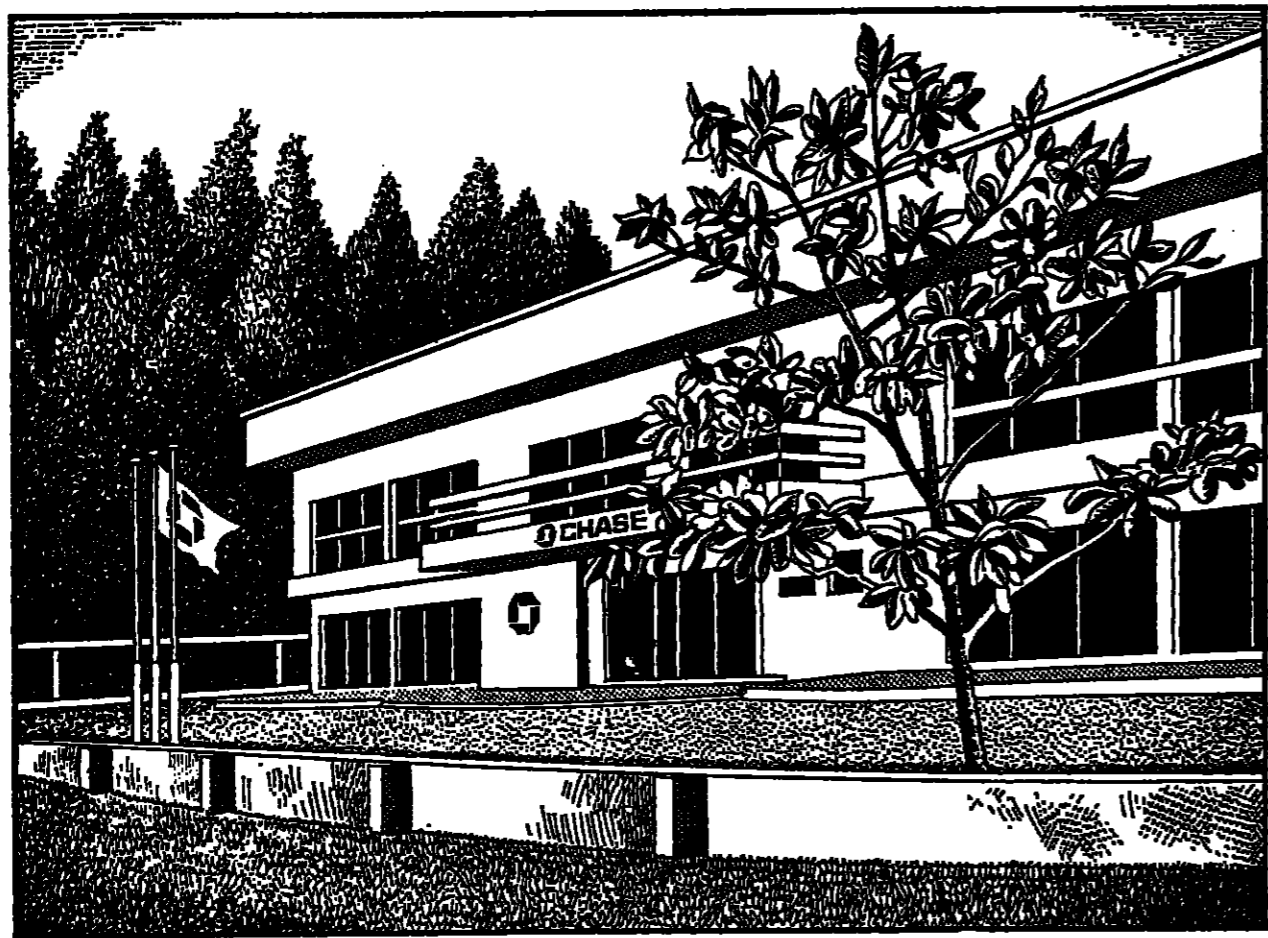
The president also has warned legislators: "Such federal amenities as may be enjoyed by your constituencies are determined by the size and scope of the federal budget."

The likely steady increase in oil revenues, which seem certain to

produce the bulk of federally collected revenues for many years ahead, means not only that federal government can meet obligations, but that the states will get increasing revenues absolutely. Whatever proportion of federally collected revenues those representatives of the states who are in the commission in state allocation federal funds because of the political complexion of their government. If these revenues should ever cease to expand, revenue allocation could become a much more explosive issue than it has been for far.



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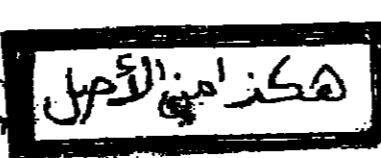


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## Commercial Banking: Following Guidelines

Any banker who presumes to operate within Nigeria without applying himself to the macro-economic needs of the society. This is particularly true of those banks that were once the patriots and now have a 60-percent Nigerian holding. The guidelines, therefore, require banks to adapt their lending to the development needs of Nigeria and they seek to encourage the "Nigerianization" of production, especially industrial production.

More heartening is the attitude adopted by bankers. While they might complain in passing at the difficulties in being required to give loans which are scarcely secured to small-scale businesses or farmers, they accept the need for such a policy. Where differences might emerge, and did in conversations with bankers, was the degree to which they were prepared to take up some of the challenges of "selling" banking in an economy that is desperately short of commercial credit outlets.

Commercial banks are to follow the Central Bank's credit guidelines which control aggregate liquidity ratios and the different loans and interest rates. This compliance results in penalties.

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Gross Domestic Product at Current Prices

Sector	1980	1981	1982	1983	1984	1985
Agriculture	5,205	5,684	6,207	6,778	7,401	8,082
Livestock, Forestry and Fishing	3,733	4,076	4,451	4,861	5,308	5,797
Mining and Quarrying	16,640	17,991	19,452	21,032	22,739	24,586
Manufacturing	4,043	4,973	6,117	7,523	9,254	11,382
Utilities	181	208	239	275	317	364
Construction	3,482	3,875	4,313	4,801	5,343	5,947
Transport	2,194	2,611	3,107	3,697	4,400	5,236
Communications	116	133	153	176	203	233
Wholesale and Retail Trade	8,543	9,995	11,695	13,683	16,009	18,730
Housing	2,176	2,350	2,538	2,741	2,960	3,197
Producer of Government Services	2,908	3,431	4,049	4,778	5,638	6,653
Other Services	1,378	1,612	1,886	2,207	2,582	3,021
<b>TOTAL</b>	<b>50,599</b>	<b>56,941</b>	<b>64,208</b>	<b>72,552</b>	<b>82,154</b>	<b>93,228</b>

Projections taken from outline of Nigeria's Fourth Development Plan.

Gross Domestic Product by Percentage Distribution

Sector	1980	1981	1982	1983	1984	1985
Agriculture	10.3	10.0	9.7	9.3	9.0	8.7
Livestock, Forestry and Fishing	7.4	7.2	6.9	6.7	6.5	6.2
Mining and Quarrying	32.9	31.6	30.3	29.0	27.7	26.4
Manufacturing	8.0	8.7	9.5	10.4	11.3	12.2
Utilities	0.4	0.4	0.4	0.4	0.4	0.4
Construction	6.9	6.8	6.7	6.6	6.5	6.4
Transport	4.3	4.6	4.8	5.1	5.3	5.6
Communication	0.2	0.2	0.2	0.2	0.2	0.2
Wholesale and Retail Trade	16.9	17.6	18.2	18.9	19.5	20.1
Housing	4.3	4.1	4.0	3.8	3.6	3.4
Producer of Government Services	5.7	6.0	6.3	6.6	6.9	7.2
Other Services	2.7	2.8	3.0	3.0	3.1	3.2
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Projections taken from outline of Nigeria's Fourth Development Plan.

military government, there are banks that do suffer from political interference at the board level.

The Nigerian Enterprises Promotions Decree, which by 1976 required all banks to be owned 60 percent by Nigerians, has been the subject of some debate. There are some bankers who believe that in the early stages of its implementation, there was such a turnover in the directorial personnel as to seriously disadvantage the operation of certain banks. This is a problem that has been greatly reduced, though in principle the question of

government participation in the equity of a number of banks prompts a more subtle analysis of what "indigenization" means when the state rather than the private citizen is the principal beneficiary of that process.

Another point that has been raised relates to the role of the indigenous banks, the banks that are completely Nigerian owned. At the time of the Nigerianization process the government actually took equity in the expatriate banks while only offering loans to the indigenous banks. This again was a

blow to the confidence of those who wished to see indigenous banking develop.

But above all, commercial banks have to be developers. It is significant that the latest central bank credit guidelines call on the commercial banks not to ignore their obligation to lead to "development-oriented finance institutions."

### Commercial Banks

For all that development banks have existed for agriculture and industry, and though the capital and

money market is now beginning to develop, it is the commercial banks on which the onus for development finance rests. This has led to calls by some bankers that Nigerian banking should adopt continental European banking methods insofar as acquiring equities in industrial enterprises is concerned. Where the capital market is limited, as it is in Europe, the banks have developed, and have been given, the legal opportunity to develop a greater understanding and relationship with industry and its requirements.

The problem is highlighted by the fact that while the commercial banks are short-term lenders, basing their activities on short-term deposits, the expectations of the Fourth Development Plan, such as it is outlined at present, require at least medium-term lending of Nigerian commercial banks.

The majority of bankers proclaim their reluctance to indulge in such lending. There are one or two exceptions, though, who suggest that in any case most lending is at least medium-term. Certainly the

requirement to maintain a high deposit for lending and the apparently low lending rates might give the impression of squeezing the banks. And what would happen if there is a run on the bank? Some ask in a perfectly respectable tone. Others have suggested that a closer examination of the rate of deposit withdrawals and of on-lending might well reveal that commercial banks are, or could well become, medium-term lenders in an economy that needs just this sort of financing.

—A.B.

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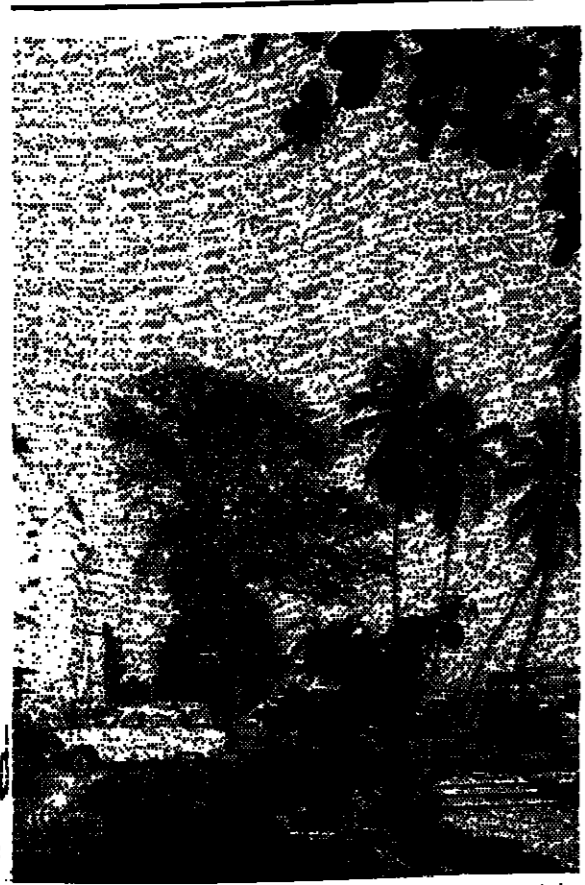
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# A Black U.S. Company Succeeds in Nigeria

By Leon Dash

**L**AGOS (WP) — George E. Johnson, dressed conservatively in jacket and tie, startled his Nigerian employees by stepping up to the bright new assembly line and snatching up several jars of one of his shampoo products.

"The tops of these jars must be tight so the product doesn't dry out," Mr. Johnson told them.

On Nigeria's highly competitive consumer market, it does not pay to get an early reputation for faulty products. And Johnson Products Co., the fourth-largest black-owned company in the United States, has joined Nigeria's oil-fueled gold rush with a joint venture, \$4-million factory in the Ikeja suburb of Lagos.

In accordance with Nigerian joint venture laws, 60 percent of the investors and shareholders of the new, Lagos-based factory are Nigerians, while Johnson owns 40 percent.

The new company, Johnson Products of Nigeria, represents a response to the Nigerian government's open invitation to American investors, the growing investment interest in black Africa's largest oil exporting nation and the profit potential in a consumer market estimated to comprise between 90 and 100 million persons. The Nigerian population is four

## Chicagoan Builds Factory in Lagos, Sees Vast Potential for Expansion

times the size of Johnson's traditional market among black Americans.

After cautiously testing the market here in the early 1970s, the 53-year-old Chicago-based manufacturer said he began in 1977 to export "in a big way" some of the company's 45 hair, cosmetic and toilet products to Nigeria.

Then the Nigerian government restricted imports of cosmetics and Johnson shifted into high gear in early 1978 to open a factory here. The factory finally began production last summer with a staff of 35 black Americans and Nigerians.

Mr. Johnson and his wife, Joan, were in Lagos last October for the inauguration of the hangar-like factory, a media advertising blitz, interviews with Nigerian reporters and dinners and cocktail parties with Nigerian government officials and the Nigerian board chairman, Opar Benson.

"The opportunities and the potential which exist here are immense," Mr. Johnson said at an emotional dinner then in which American and Nigerian partners in the new company wept. "The economic racism which persists in

(American) society prevents Johnson Products and other black companies as well from marketing and selling products to the entire U.S. population," Mr. Johnson said. "We must be content with what amounts to a thin slice of a very large economic pie. It is to Africa we turn to broaden our horizons."

But getting established in Nigeria is a long and difficult process, Mr. Johnson and the new factory's American managing director, Marilyn J. Cason, acknowledged. In mid-1979, American businessmen on a trade mission to Lagos complained to Nigerian officials about a confusion of laws governing foreign investment here, the country's slow-moving bureaucracy and pervasive corruption they encountered when trying to become established.

**"A Long Process"**  
"It's been a long process," Ms. Cason said about the two-year effort. "It's hard to say that it was smooth, and Nigeria is an expensive country in which to do business."

Lagos is among the world's most expensive cities. Apartment and house rents run from \$50,000 to \$80,000 a year with landlords de-

manding full payment of rents three to five years in advance. Fueled by a tripling of oil revenues in the past two years, annual inflation is running at more than 20 percent.

Mr. Johnson said he has spent "at least \$200,000" in the past two years to fly company personnel between Nigeria and the United States and keep company representatives in Lagos to start the factory.

"It certainly takes a lot of trips of a lot of people to get where we are today," he said. "But this market is sufficiently viable and attractive that it's worth the effort."

Johnson Products Nigeria have the potential of exceeding the size of Johnson Products in the States."

Asked if smaller American minority-owned firms could realistically afford the starting costs of investing in Nigeria, Mr. Johnson argued that it was possible. Nigerian President Shugu Shagari during his trip to the United States earlier this month, "invited black Americans to invest here in the areas of manufacturing, technology, and technology transfer and agriculture," Mr. Johnson said. "Given that attitude, I think it is possible for any who want to come."

If they come prepared to make a full-time commitment and to learn another culture, Mr. Johnson added, "the welcome mat is out."

### Exports by Current Prices

Item	1980		1981		1982		1983		1984		1985	
	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent
Capital Goods ...	5,490	40.6	6,111	40.2	6,785	39.7	7,516	39.4	8,285	38.9	9,156	38.5
Intermediate Goods ...	2,859	18.9	3,038	20.0	3,607	21.1	4,286	22.6	4,964	23.0	5,728	24.1
Food ...	1,784	13.2	1,947	12.8	2,126	12.5	2,330	12.1	2,538	11.7	2,752	11.4
Consumer Goods ...	1,985	14.7	2,167	14.3	2,366	13.9	2,589	13.4	2,766	12.6	2,962	12.4
Merchandise Exports ...	11,818	87.4	13,263	87.3	14,884	87.2	16,681	86.9	18,483	86.7	20,648	86.4
Non-factor Services ...	1,706	12.6	1,933	12.7	2,192	12.8	2,491	13.1	2,835	13.3	3,232	13.4
<b>TOTAL</b> ...	<b>13,524</b>	<b>100.0</b>	<b>15,196</b>	<b>100.0</b>	<b>17,076</b>	<b>100.0</b>	<b>19,172</b>	<b>100.0</b>	<b>21,318</b>	<b>100.0</b>	<b>23,780</b>	<b>100.0</b>

Projections taken from office of Nigerian Fourth Development Plan.

### Imports by End Use at Current Prices

Item	1980		1981		1982		1983		1984		1985	
	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent
1. Oil Exports ...	13,939	90.8	14,877	90.3	15,854	89.7	16,867	89.1	17,927	88.4	19,029	87.6
2. Non-oil Exports ...	701	4.6	795	4.8	904	5.1	1,027	5.6	1,167	5.7	1,326	6.1
3. Merchandise Exports ...	14,640	95.4	15,672	95.1	16,758	94.8	17,894	94.5	19,094	94.1	20,356	93.7
4. Non-factor Services ...	713	4.6	811	4.9	921	5.2	1,047	5.5	1,185	5.9	1,352	6.3
<b>Total</b> ...	<b>15,353</b>	<b>100.0</b>	<b>16,483</b>	<b>100.0</b>	<b>17,679</b>	<b>100.0</b>	<b>18,941</b>	<b>100.0</b>	<b>20,206</b>	<b>100.0</b>	<b>21,658</b>	<b>100.0</b>

Projections taken from office of Nigerian Fourth Development Plan.

## Challenge for Government: Price of Rice Keeps Rising

**L**AGOS (WP) — An enduring problem in Lagos, where combative traders thrive on freewheeling capitalism, is an astronomical leap in the price of rice.

Any West African government is playing with fire if it fails to ensure that rice, a major staple of urban populations, is available at reasonable prices. Skyrocketing rice prices have sparked some bitter urban riots in the region and indirectly set into motion events that brought down the government of William Tolbert in Liberia earlier this year.

With roughly one-fourth of Nigeria's inhabitants living in cities, the increase in rice prices here since last summer has created what one foreign observer described as "an explosive situation, when you consider that most people in Lagos barely earned enough to live on before prices began to climb."

The main question is why a 110-pound bag of imported rice, which arrived at the port of Lagos at the wholesale price of \$52, is retailed in the city at \$180. The price in other Nigerian cities in the interior is reportedly even higher.

Opposition politicians have charged political favoritism on the part of President Shugu Shagari's administration the distribution of lucrative rice import licenses. Government officials have counter-charged that their political enemies have bought up huge quantities of domestic rice to precipitate a political crisis.

### Financial Interests

So far it has been revealed that several prominent politicians have suddenly acquired a financial interest in the rice trade.

Like many African countries, Nigeria does not produce enough food to feed its exploding population and must rely heavily on food imports that total more than \$1 billion annually.

As part of the government's ambition agricultural development program, certain food items have been put on restricted import lists with the intention of reducing their importation gradually until Nigerian farmers produce enough to end imports altogether. The importation of rice was limited to 200,000 tons earlier this year without specific information that the amount

was sufficient to supplement local production.

"We don't have the statistics to know actually how much rice is needed," said presidential advisor Emmanuel Edozien in an interview, "and the merchants have been engaged in massive hoarding of rice to force the price up."

Mr. Edozien conceded that the rice imports were poorly coordinated and that "the importation licenses were not evenly spread to ensure an even spread of distribution."

Transportation minister Umaru Dikko, who was appointed head of a task force investigating the rice scandal, is one of President Shagari's closest advisers. In an interview, Mr. Dikko denied charges that only heavy contributors to the president's National Party of Nigeria received rice import licenses.

"The licenses were not given exclusively to (National Party) members or its supporters, Mr. Dikko said.

He said his position as head of the task force investigating the situation did not allow him to give a specific breakdown of who received licenses along political party lines.

Mr. Dikko volunteered that he has specific information outlining how the political enemies of President Shagari's administration, whom he also declined to name, had "bought every grain of domestic rice and hoarded it in an effort to spark domestic unrest. On top of that, Mr. Dikko added, the hoarding by traders has exacerbated the problem.

On a list released by the Commerce Ministry, the leader of the Senate and a member of the National Party, Oluwa Sarake, was included as the head of a live stock company that got a rice import license. Sen. Sarake, however, said he was no longer connected with the company.

National Party deputy leader of the House, Oluwatosin Afolabi, however, was unapologetic about his floor tile company receiving one of the highly sought licenses.

"Do you think because I am in the House of representatives I should stop doing business?" Mr. Afolabi asked reporters who questioned him. "I have been in business a long time."

—L.D.

## Growing Economic Giant Sets Sights on the Future

(Continued from Page 75)

simistic about the ability of the oil price to go even higher.

### Concerns for Caution

Indeed, Nigeria's concern for caution in handling its oil is apparent at every turn. In a unique bid to ensure political reliability and economic dependability in its customers, it has a total of 52 purchasers, an unusually high number for an exporter of its size.

In the past, Nigeria has suffered when its customers have unilaterally reneged on their commitments to uplift contracted crude, as was the case in August, when Poland and Yugoslavia, among others, let it down.

Then, Nigeria was rescued only by the fortuitous outbreak of the Gulf War, which by removing all Iranian and Iraqi crude from the oil market, converted a glut into an overnight shortage, sent the Rotterdam spot price rocketing, and brought Nigeria's absent purchasers back home.

But since this last experience, and as the Gulf oil begins slowly to flow again, from what can be discerned, even greater care and consideration have been given by the Nigerian National Petroleum Corp. to ensuring that foreseeable

and avoidable slips do not sabotage development prospects again.

The doubts that do, however, exist, are all about the development plan's implementation. In Nigeria, performance is the actual slip. Even the truncated 1980 budget failed to be spent by a large amount. As a leading company chairman put it, "Promises are easy — politicians love them — but putting them into effect is tortuous and slow and that's where the rub comes in." The fears, therefore, over the five-year development plan are enormous.

Yet, in the spirit of the oil-fired euphoria and enthusiasm that still prevails in Lagos as the country eagerly awaits the outpouring of economic riches from this commoopia of development designs, if all does go well, it is not just Nigeria or Nigerians who stand to gain, but also and initially most importantly, the European countries that export to it. For, paradoxically in the short term, although the aim is self-reliance, businessmen say that the plan will increase Nigeria's dependence on imports.

The total import bill, which has shown a marked increase since restrictions were eased last year, will

(Continued on Page 155)

# NNPC IS PIONEERING THE DIVERSE TECHNOLOGIES NIGERIA NEEDS FOR THE YEARS AHEAD

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مركز النيل

July 1981



MODERN — A network of modern highways is among the advantages of Lagos, the capital of Nigeria.

# One Man's Share of the 'Green Revolution'

## Nigerian Architect's 'Plant Hobby' Leads to 1,000-Acre Kaduna Farm

**R**IDO JUNCTION, Nigeria (NYT) — "Everyone talks about Nigeria's so-called 'green revolution,'" Yusuf Mohammed was saying here recently. "Well, I decided that I would not just talk but do something about it. So I'm a farmer now."

Until three years ago Mr. Mohammed, 40, was one of the best-known architects and housing consultants in Nigeria. He grew plants as a hobby. Then, on an impulse, he started to grow crops as a business.

Now the Mohammed farm stretches over 1,000 acres of verdant land in Kaduna State, nearly 600 miles from Lagos. Mr. Mohammed is probably making more money than he ever did before, and he is no longer an architect.

He sells 20,000 eggs a day, produces corn and other grains, and soon will be breeding and selling broilers. The farm is almost completely mechanized, with its own power generator, and the 1,000-acre farm of today is almost certain to double in acreage by this time next year.

### Wealth in Land

"Nigeria's wealth, its true wealth, is in its land," Mr. Mohammed, a sturdy man wearing spectacles, said, resting his elbows on a wooden fence beyond which

were several ranch-style buildings that he designed himself. "We have to feed ourselves first — and we have the land and the manpower to become a major agricultural producer. I was accused of not being serious when I decided to get into farming. But I was very much serious, and I'm glad that I did it."

Although Nigeria's current riches are the result of its oil revenues a vast majority of the people are farmers. Until oil income started pouring in about a decade ago, agriculture was the country's biggest earner of foreign exchange. It has declined rapidly since then.

### Small Farms

The oil boom has sent village youths steadily drifting to the larger cities, drawn by visions of more lucrative jobs there.

"It's really frustrating," said Mr. Mohammed. "All this land but barely a third of it under active cultivation. We simply have to move into an era of modern agricultural economics."

Mr. Mohammed pointed out ruefully that agriculture in Nigeria has also suffered from the fact that

the average farm is no bigger than two or three acres, making it difficult for large-scale mechanized farming. Agriculture has also suffered from governmental inefficiency and mismanagement. Mr. Mohammed said that it took him nearly a year to obtain official approval to buy his land and nearly as long to obtain a long-term, low-interest loan of \$900,000.

"But I decided to forge ahead," he said, in an accent that reflected his British education. "After all, I had already spent nearly \$1 million in initial investment."

That investment involved buying thickly forested land here from several local chiefs. Rido Junction is about 12 miles from the city of Kaduna and the land is carpeted with mango trees and tall grass. This is bush country, made green and lush from the rain that falls gently much of the year.

Mr. Mohammed enlisted a friend, Bashir Mohammed, who at the time was in public relations, as farm manager. Like Mr. Mohammed, Bashir Mohammed is tall, friendly and eager to discuss how the farm has succeeded.

"It's a matter of persistence," he

said, pointing to the beated sheds housing young chickens, the feeding areas, the pens where turkeys are being experimentally bred.

"Yusuf became a farmer because he was fed up with leading the conventional life and I became a farmer because that was what I would have done later on in life anyway, after retirement."

The farm, which now employs 35 workers, was started in this area, he explained, because land was still cheap, at least in comparison with the south of the country. Yusuf Mohammed, whose wife teaches political science at Kaduna State Polytechnic, feels that the government should establish some sort of program under which it would buy land and then resell it to small farmers such as himself. Last year, the government was reported to have spent about \$17 million on a land clearance program, but little information is available on whether the land was subsequently sold to farmers.

"It's useless talking about Nigeria's green revolution unless the government specifically is more encouraging," Mr. Mohammed said. "The need now is to set up more cooperatives, training programs in villages, and incentive for more people to get into agriculture. That, I think, is the only way we can stop this rapid flow of people to the already overcrowded cities of our country."

## on Members Demand Portion of New Wealth

(NYT) — Abdul Karim is indignant. Each day the symbols of affluence in Nigeria's oil

of the new wealth or habits it brought to the country's population as daily chattering — has trickled in and his fellow dock-

years of unloading the freighters, the 39-year-old Akamo said he thinks the value of an average day's work is \$10 a day — before April, 1980 — paid for an eight-hour shift to lunch or rest break" to feed him and his family.

more and 26,000 others went on strike twice in closed all seven of Nigeria's because private contractors not paid them a government 56 percent wage months after it was

ing kept on a short leash of military government. Akamo and the more unionized workers have grown increasingly in the year-old civilian in demanding a larger share of wealth.

by oil-fueled inflation in 1970s, cramped into substandard housing and by the doubling of public transportation last summer, angry unions and a budget-conscious government are on course that could have ramifications for the future.

est Trade Union labor has formed the national trade union movement. As restiveness could spill over into a general strike among the country's 1.5 million civil service employ-

ing energy bills leaving a national budget in a world recession slow-down already slow industrial production; doubtful if more than a few countries could absorb long strikes and demands from the type of member that Mr. Akamo represents.

## wing Economic Giant's Sights on the Future

used from Page 14S) an period, grow from \$1 billion a year at present to \$2 billion by 1985.

Other Nations in, which supplies 22 percent of all Nigerian imports, France, West Germany and India, which all play export roles, this is well. Simultaneously, as Nigeria's investment permitting increased joint ventures, so more outside income level and percentage capital will also significantly

at the same time will see Nigeria's dependent expatriate work force. Mr. Shagari said, "We need to require the foreign experts in the future, especially in the technological occupation, the shortage is most

already large British, German, Japanese communities employed

Led by the Socialist-leaning Nigerian Labor Congress president, Hassan Shanmou, Nigerian unions are demanding that a workers' monthly minimum salary be increased to \$564, three times the minimum of \$180 set by Nigerian President Shagari in April, 1981.

President Shagari and his advisers argue that the country's growing wealth, 90 percent of which comes from oil, is already too thinly spread among ambitious agricultural and industrial development projects, education and health programs. Nigeria has the largest population in Africa, and 25 percent are city workers.

Meeting union leaders' demands, several of President Shagari's advisers said, would push inflation back up to its one-time annual high of 30 percent and bring major, but capital-short government projects crashing down like houses of cards if money allocated for them had to be shifted to salaries.

Government officials claim that overall inflation is running at 9 percent but some experts said it is closer to 20 percent. Even so, union leaders have more than doubled in the past two years — to \$25 billion for 1980 — and more of that should be finding its way into workers' pockets.

### Wildcat Strikes

Beginning last spring, wildcat strikes have hit private industry, public transportation and federal and state civil service agencies over pay grievances. Federal officials accused union leaders of trying to undermine the government. The union leadership itself, although united on pay and working conditions, is split into pro-Soviet and pro-Western blocs, according to well-informed Nigerian trade union sources.

Mr. Akamo said he will support union leaders who get him a pay raise. Out of his monthly base salary of \$320, Akamo said he pays \$112 to rent two rooms in Lagos' Orosuki slums and \$68 in transport. The remaining \$140 is never enough to feed and clothe his wives, children and himself.

"I don't eat the good food," Mr. Akamo added. "Good food is left for my children." Since last summer the price of his family's staple food, rice, has skyrocketed.

in both the private and public sectors. There are, in addition, several hundred thousand immigrant workers from the neighboring West African countries attracted by the big town boom and the tin and glitter. The plan's demand for a further 125,000 skilled workers will largely have to be met by yet more in-migration from abroad.

### Will Develop

In the next five years, therefore, Nigeria's importance as a magnet for exports to Africa, and her prominence as the leader of black Africa, will develop dramatically.

This will at last furnish the heady and exuberant rhetoric of her leaders with the hard basis of fact it is so far somewhat weak in. For it will, if even half of what is planned is actually achieved, convert potential to reality, and boost Africa internationally out of the stagnation and depression it is today caught within.

And then, the Nigerian oil giant, with a horizon of perhaps 20 years' production, will have finally emerged as the industrial power of the continent with a plausibly unrestricted life span.

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## Central Bank: A 21-Year Record of Progress

LAGOS — The Central Bank of Nigeria has alternated between tradition and development in its 21-year history. It has struggled through many of the problems that older central banks have encountered and has struck out on new paths, as might be expected of a crucial institution in a major developing economy.

The transition from an institution devoted solely to the traditional aims of central banking — issuing legal tender, advising the government, promoting monetary stability and maintaining external reserves — to an institution promoting economic development has been gradual and has brought with it a number of challenges.

On the one hand the Central Bank of Nigeria enjoys powers scarcely matched in the world by a similar institution. On the other hand, the widespread description of the bank as a "passive tool of government policy" indicates significant erosion of its autonomy. With the arrival of the civilian administration such a view is only partly true.

The array of instruments which the bank disposes to impose policies on the financial system is impressive. In its early history, the bank's principal concern was to establish the independence of the national currency, which would be stable. The naira as the major unit and the kobo as the minor unit heralded the departure of the pounds sterling and pence system and the advent of a decimalized national currency. In 1967 Nigeria refused to devalue along with sterling. In 1973 the naira was devalued "to prevent the country's import bill from rising to unmanageable proportions," according to the bank.

Perhaps the more visible aspect of the Central Bank's role is its attempt to render the economy into the hands of Nigerians. There have been many different methods ranging from use of the money and capital markets to the arbitrary annual control of monetary policy through the issue of annual credit guidelines allocating sectoral proportions to commercial banks for investment.

The promotion of the indigenous money market has included the issue of Treasury Bills in 1960 and Treasury Certificates in 1968. The market, although still limited, has since been refined to include certificates of deposit to facilitate the channeling of commercial banks' surplus funds to the mer-

*'The transition from an institution devoted solely to the traditional aims of central banking to one promoting economic development has brought with it a number of challenges.'*

chant banks, as well as Bankers' Unit Fund and Eligible Development Stocks.

The Bank also has had a substantial role to play in the development of the capital market. It participated in the establishment of the Nigerian Stock Exchange and its involvement has grown since the implementation of the Nigerian Enterprises Promotions Decree. By excluding from credit ceilings loans granted by commercial banks to individuals for the purpose of buying shares and business in the Stock Exchange, the Bank has played its part. Furthermore, the stock market deals to a very large extent in government securities which are issued and managed by the CBN.

The progress of several of the most important financial institutions of Nigeria has also depended on the participation of the CBN. The Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, the Nigerian Agricultural and Cooperative Bank and the Federal Mortgage Bank have all been beneficiaries.

An even more impressive contribution was the setting up of the Agricultural Credit Guarantee Fund (see article on agricultural finance). This scheme is intended to guarantee commercial and merchant banks agricultural credit up to 75 per cent.

The scheme has acquired particular importance in light of the government's desire to orient the economy toward increased agricultural output. The CBN's monetary policies have enabled it to act as the government's instrument in implementing these policies. Credit guidelines help keep the private sector in check. They offer qualita-

tive directives to encourage certain types of investment. At least 8 per cent of annual investment has to be allocated to agriculture. Housing is also favored. The CBN also has the right to exact penalties for failure to comply.

Another recent CBN effort to shake the private banking system out of its seeming complacency was the introduction of the Rural Banking Scheme, now in its second phase. By the end of 1983, Nigerian commercial banks have to open 260 branches in locations decided upon by the Central Bank.

If as a private banker one examines these instruments wielded by the CBN they appear formidable, and indeed they are. However, at the heart of the Central Banking principle is the issue of the independence of the Central Bank from the potential political pressures of government. The story of the CBN has been one of a steady erosion of its autonomy during 13 years of military regimes, which would require very dramatic steps to restore that autonomy now, though there is evidence in the new constitution that through the National Economic Council presided over by the vice-president, there will be opportunity for regular consultation between the principle monetary authorities.

Part of the problem in Nigeria arose in 1968 with the Central Bank of Nigeria (Amendment) Act which directed the Board of Directors of the CBN to keep the Commissioner for Finance informed of the monetary and banking policy pursued by the Bank.

The Decree also gave the Commissioner (the equivalent of Minister) the power to present his own case when he disagreed with the CBN before the then Federal Ex-

ecutive Council. In effect, meant that as the CBN could be present at the council meet whomever the commissioner w be, the CBN case would be made with sufficient vigor.

The Financial System Re-Commissioner which reported a end of 1976 — a report which never been published in full — recommended an "autonomous strengthen the process whereby Central Bank's proposals monetary and Banking p reach the Federal Executive C cil." The recommendation was jected in a subsequent White P published by the government.

In 1970 a further amendment the Central Bank of Nigeria required that any project N1000,000 — this was later is to N1 million — had to be ref to the Federal Executive Ccil for approval before any con award was made. The Bank is quired to seek the approval of Commissioner for Finance b it opened branches or appo correspondents or agents. In the Act required all CBN al to be placed on the public se scales.

In reviewing this history of erment intervention, the p Governor of the Central Bank, Vincent, had this to say shor before the handover to civilian at the end of 1979: "Certain' lations enacted between 1968 1970 have eroded the autonon the Central Bank. In spite of i constraints, the Bank has suc fully, in cooperation with Gov ment, steered the econ through years of varying mone and economic experiences." also said in that same spee, he expected the new civilia- ministration to repeal the off ing acts. His request has largely answered by the acces the monetary authorities have each other.

But legislation alone neve and never will entirely shap tions between the Bank and government. Much depends on personalities of the authoritvolved and the respect in w they hold each other. In a devoloping economy it is also difficu think of a Central Bank comply independent of the governm. In fact, with an economy of size, diversity and dynamism Nigeria's it would seem that al- tain compliance to the prioriti government are essential.

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مركز مصرفي الأول



Published with The New York Times and The Washington Post Page 17 Wednesday, March 11, 1981

BUSINESS NEWS BRIEFS

Man Continues Work on China Plant
JRG, West Germany — Mannesmann Demag said Tuesday continuing work on a plant for continuous pipe production at...

Air Picks Upgraded Rolls Engines
Eastern Airlines says it had selected upgraded Rolls-Royce RB211-535E4 for the new jets, up from the Rolls-Royce RB211-535C engines it had selected...

Mitsubishi to Boost Output for Chrysler
Mitsubishi Motor, citing rising demand, said Tuesday it plans to increase production of small cars and trucks for marketing in the U.S. by Chrysler.

Gulf Purchases 6% Stake in B.F. Goodrich
Gulf & Western Industries has purchased 5.96 percent of B.F. Goodrich common shares, of B.F. Goodrich the New York-based conglomerate says it does not plan a...

Brascan Plans to Boost Stake in Scott Paper
Brascan Ltd. said in a filing with the Securities and Exchange Commission Tuesday that it intends to increase to 20 percent its stake in Scott Paper Co.

Saudis Near Accord on Big Loans

Hobart Rowen
WASHINGTON Post Service
The International Monetary Fund is near an agreement with Saudi Arabia on a \$997.8 million loan to help the government with its economic reforms.

IMF Sets Loan of \$997 Million For Morocco

WASHINGTON — The International Monetary Fund said Monday it agreed to lend Morocco \$997.8 million to help the government with its economic reforms.

CURRENCY RATES

Table with columns for currency, rate, and date. Includes exchange rates for March 10, 1981, excluding bank service charges.

Bank Slates Bonus Issue, Rights Offer

Hongkong-Shanghai Sets Interim Payout
LONDON — Hongkong & Shanghai Banking Corp. announced Tuesday a 3-for-20 rights issue and a 1-for-4 bonus issue.

Japanese Business Pressing Stimulus Plan

By William Chapman
Washington Post Service
TOKYO — The Japanese government, strongly prodded by businessmen, is expected to approve soon a program to stimulate an economy that has proved to be a good deal more sluggish than expected this year.

Japan Banks May Boost Euromark Role

TOKYO — The Finance Ministry is expected to allow Japanese banks to increase their participation in internationally syndicated Euromark transactions, banking sources said Tuesday.

Payments Deficit Narrows In W. Germany in January

FRANKFURT — West Germany had a balance-of-payments deficit of 845 million Deutsche marks in January after deficits of 3.82 billion DM in December and 3.88 billion DM in January, 1980.

U.K. Producer Prices Up

LONDON — U.K. wholesale prices rose 1 percent in February after a 1.5 percent gain in January, the industry department said Tuesday.

UAW Reaffiliation

DETROIT — The United Auto Workers' international executive board voted unanimously Tuesday to reaffirm its affiliation with the AFL-CIO.

NYSE Prices Off on News Of Budget

NEW YORK — President Reagan's budget message to Congress unsettled an upward trend on the New York Stock Exchange Tuesday and prices fell in active trading, though late bargain-hunting cushioned the fall.

Gold Price Jumps \$10

LONDON — The price of gold, which was trading last week at its lowest level for 15 months, jumped by \$10 an ounce Tuesday.

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Advertisement for The National Bank of Kuwait S.A.K. featuring a K.D. 7,000,000 Contract Financing Loan and K.D. 2,721,308 Guarantee Facility. Includes contact information for Crocker National Bank.

Japan imports

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# S., Canada in Cable TV Battle

By Penny Pagano

WASHINGTON — When Minnegan accepted bids in 1979, from companies want-stall competing cable tele- systems, no one expected e that erupted — an angry between U.S. and Canadi- st.

1 the year the city council down a decision that fa- S.-owned Northern Ca- Inc., a subsidiary of oadcasting.

is merely heated up the suching off bitter new accusations of bribes in- ocal officials, and a law- eventually reached the Supreme Court. Now gile is before the state rd.

heart of the dispute is the on of U.S. Cablestems ch, despite its name, is -owned. Ranked by the s Canadian connection, mpeting U.S. business- iversing space in new- o this question: time when the U.S. is o dependent on foreign ncluding Canadian oil, we import services that companies can pro-

20-percent limit on U.S. interests in Canadian cable and forced them to divest. At the time, eight of the largest cable companies in Canada were U.S.-owned.

Because of fewer TV channels and the country's geography, the Canadian cable market developed earlier than the U.S. market, and is now 80 percent saturated.

Several years ago, Canadian cable companies entered the U.S. market, in many cases with greater expertise and local programming experience than most U.S. cable companies have. Another attraction for the Canadians: Monthly U.S. cable fees often are double those in Canada.

Their U.S. critics complain that the Canadians watched while U.S. companies struggled through earlier organizing efforts. Now that lucrative U.S. franchises are available, they say, the Canadian competition is unfair.

"From the point of view of fairness and equity, it's like the Korean War and the Yalu River. The Canadians can sit up there with their economic base and pick and choose where they want to go," said John Malone, president of Tele-Communications Inc., the third largest U.S. cable company.

Some U.S. cable operators say reciprocity or alien ownership restrictions should be imposed. Others say the issue is one of international economics, and of Canadian profits made in the United States that go back in U.S. dollars to Canada. Still others argue that no foreign country — even a friendly ally like Canada — should be allowed to control part of increasingly vital telecommunications systems in the United States.

The Canadian companies contend that the opposition to them was manufactured by segments of the U.S. cable industry whose territory is threatened by their entry.

"The problem arises because Canadian companies have been relatively successful in gaining franchises — it really starts and finishes there," said Philip Lind, president of U.S. Cablestems Inc. in Toronto, a part of Canadian Cablestems, that country's largest cable operator. Mr. Lind said he did not expect Canada's stake in the U.S. cable market ever to surpass 5 percent.

In U.S. cities, where Canadians have won franchises, the response to their operations is positive.

"We've been outstandingly pleased," said Steve Galligan, an official in Fort Lauderdale. The system installed by Selkirk

## Tokyo Exchange

Table with columns for various stock indices and prices, including Nikkei, TOPIX, and others.

## Eurocurrency Interest Rates

Table showing interest rates for various currencies and terms, including Dollar, D-Mark, Swiss Franc, and Sterling.

## Selected Over-the-Counter

Table listing various over-the-counter stocks and their closing prices as of March 10, 1981.

## Toronto Stocks

Closing Prices, March 9, 1981

Table listing Toronto stock market closing prices for various companies and indices.

## Floating Rate Notes

Closing prices, March 10, 1981

Table listing floating rate notes from various banks and their closing prices.

## London Metals Market

(Prices in sterling per metric ton)

Table listing London metals market prices for various metals like copper, zinc, and aluminum.

## Paris Commodities

(Prices in French francs per metric ton)

Table listing Paris commodity prices for various goods like sugar, coffee, and cotton.

## Montreal Stocks

Closing Prices, March 9, 1981

Table listing Montreal stock market closing prices for various companies.

## Canadian Indexes

March 10, 1981

Table showing Canadian index values for various sectors and the overall market.

## Gold Options


(Prices in \$/oz.)

Table listing gold options prices for different months and types.

## Valours White Weld S.A.

1, Quai du Mont-Blanc, 1211 Geneva 1, Switzerland

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# SOCIETÀ FINANZIARIA MECCANICA FINMECCANICA S.P.A.

## U.S. \$75 million Medium-Term Loan

Managed by:

- Abu Dhabi Investment Company
- Arab Banking Corporation (ABC)
- Arab Bank Limited
- European Arab Bank Group
- Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
- Lavoro Bank International
- The National Bank of Kuwait S.A.K.

Co-Managed by:

- Alahli Bank of Kuwait K.S.C.
- AI-UBAF Group
- Arab African International Bank
- Arab Bank for Investment and Foreign Trade, Abu Dhabi
- Frab Bank International
- The Industrial Bank of Kuwait, K.S.C.

Provided by:

Creditanstalt-Bankverein

In association with:


- The National Bank of Kuwait S.A.K.
- Abu Dhabi Investment Company
- Arab Banking Corporation (ABC)
- Arab Bank Limited (O.B.U. - Bahrain)
- European Arab Bank Limited
- Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
- Lavoro Bank International
- Alahli Bank of Kuwait K.S.C.
- Arab African International Bank
- Arab Bank for Investment and Foreign Trade, Abu Dhabi
- Frab Bank International
- The Industrial Bank of Kuwait, K.S.C.
- Bank of Kuwait and the Middle East K.S.C.
- UBAF Bank Limited
- Gulf International Bank B.S.C.
- UBAN-Arab Japanese Finance Limited
- Kuwait International Investment Co. s.a.k.

Arranged by and acting as Agent

### The National Bank of Kuwait S.A.K.

March 1981

This announcement appears as a matter of record only



# ABDULMOHSEN ABDULAZIZ AL-ABDULAZIZ COMPANY

## K.D. 15 million Medium Term Loan

Managed by

### The National Bank of Kuwait S.A.K.

### The Industrial Bank of Kuwait, K.S.C.

Co-Managed by

- Alahli Bank of Kuwait K.S.C.
- The Bank of Kuwait and the Middle East K.S.C.
- Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
- Kuwait International Investment Co. s.a.k.

Provided by

- Alahli Bank of Kuwait K.S.C.
- Arab Trust Company K.S.C.
- Bank of Bahrain and Kuwait B.S.C.
- The Bank of Kuwait and the Middle East K.S.C.
- Burgan Bank S.A.K.
- The Industrial Bank of Kuwait, K.S.C.
- Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
- Kuwait International Investment Co. s.a.k.
- The National Bank of Kuwait S.A.K.

Agent

### The National Bank of Kuwait S.A.K.

February 1981

AMEX Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices for March 10, 1981, listing various stocks and their prices.

Chicago Futures

March 10, 1981

Table of Chicago Futures prices for March 10, 1981, including contracts for wheat, corn, and soybeans.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices for March 10, 1981, listing various agricultural and industrial commodities.

Cash Prices

Table of Cash Prices for March 10, 1981, including prices for various metals and minerals.

New York Futures

Table of New York Futures prices for March 10, 1981, including contracts for oil and other commodities.

Commodity Indexes

Table of Commodity Indexes for March 10, 1981, showing price movements for various commodity groups.

Dividends

Table of Dividends for March 10, 1981, listing dividend payments for various stocks.

Tuesday's New Highs and Lows

Table of Tuesday's New Highs and Lows for March 10, 1981, listing stocks that reached new price points.

Market Summary

Market Summary NYSE Most Active March 10, 1981

Table of Market Summary NYSE Most Active for March 10, 1981.

Dow Jones Averages

Table of Dow Jones Averages for March 10, 1981.

Dow Jones Bond Averages

Table of Dow Jones Bond Averages for March 10, 1981.

Standard & Poors

Table of Standard & Poors indices for March 10, 1981.

NYSE Index

Table of NYSE Index for March 10, 1981.

Odd-Lot Trading in N.Y.

Table of Odd-Lot Trading in N.Y. for March 10, 1981.

American Most Actives

Table of American Most Actives for March 10, 1981.

AMEX Index

Table of AMEX Index for March 10, 1981.

International Monetary Market

March 10, 1981

Table of International Monetary Market prices for March 10, 1981, including exchange rates for various currencies.

European Stock Markets

March 10, 1981

(Closing prices in local currencies)

Table of European Stock Markets for March 10, 1981, listing stock prices in Amsterdam, Paris, London, Brussels, Frankfurt, and Zurich.

ADVERTISMENT INTERNATIONAL FUNDS

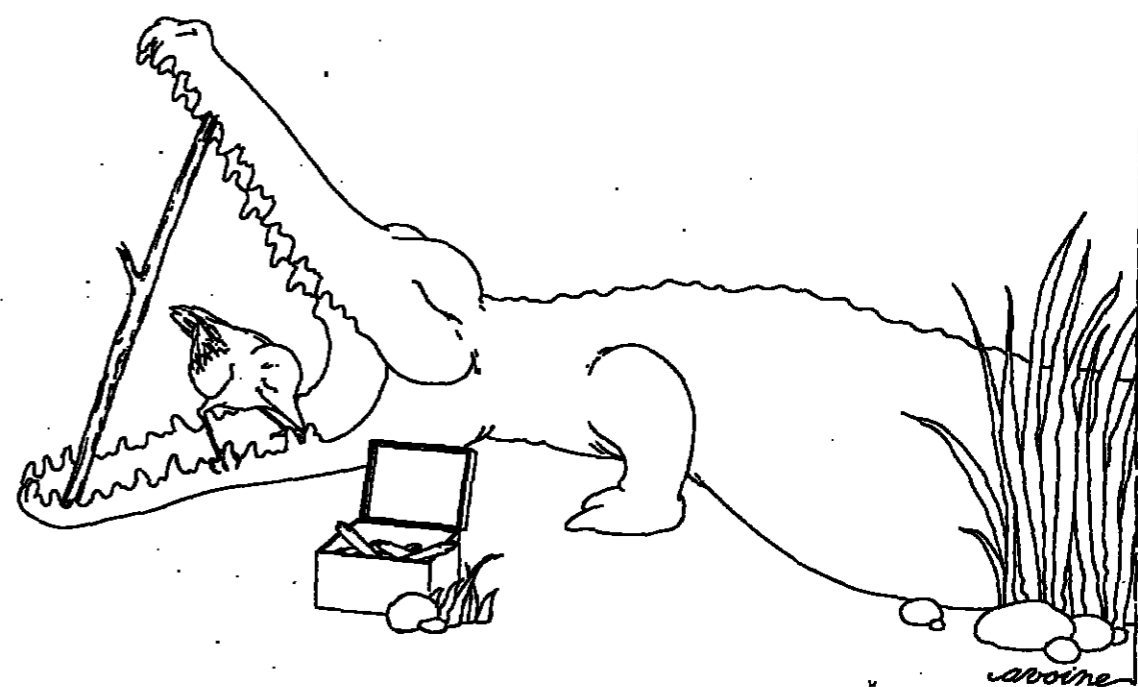
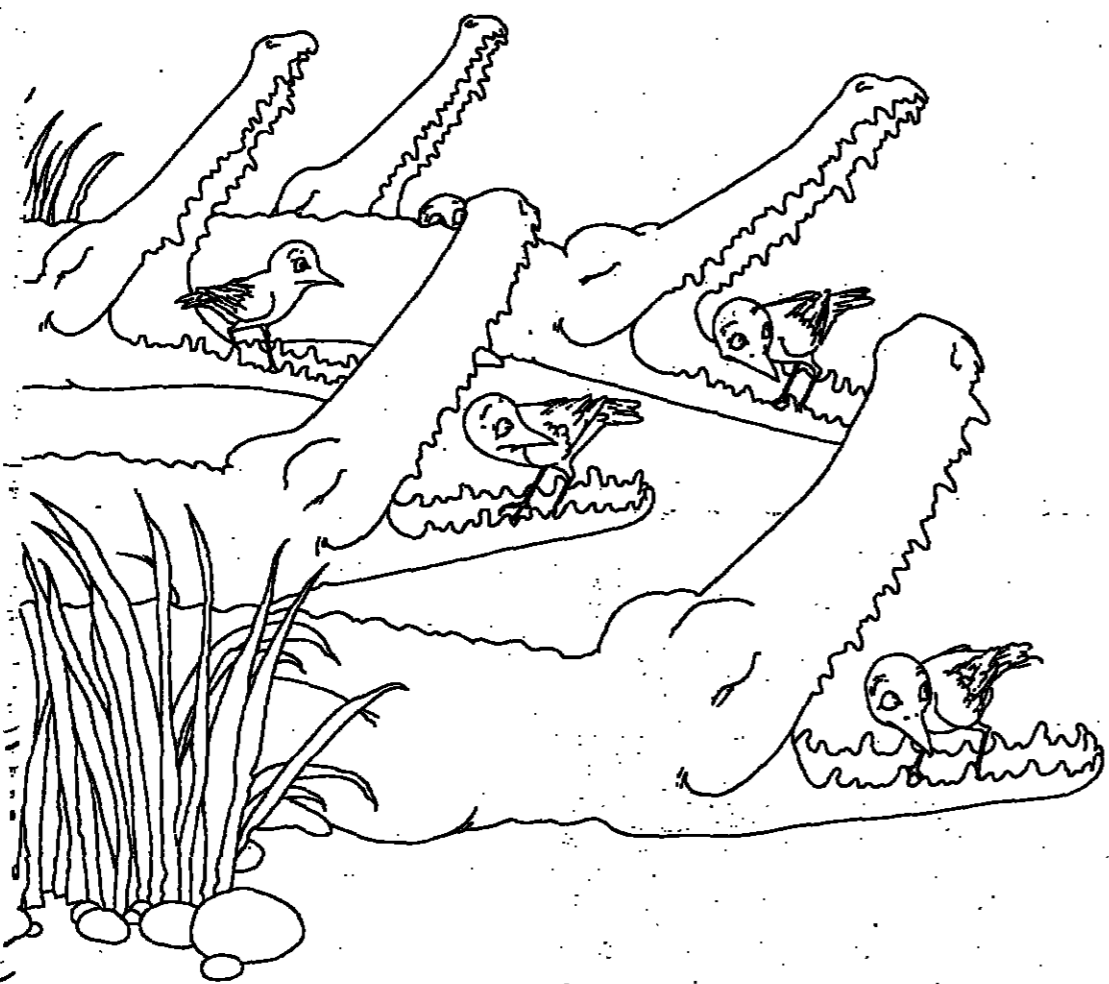
March 10, 1981

The fund share value quotations shown below are supplied by the Funds listed with the exception of some funds whose values are based on the NYSE. The following information is provided for informational purposes only and is not intended to constitute an offer or a recommendation to buy or sell any of the funds.

Table of International Funds for March 10, 1981, listing various investment funds and their share values.

Handwritten text at the bottom of the page, possibly a signature or note.

# When you're the 384th foreign bank to open in London you better have something the other 383 don't.



But before we tell you what it is we'd better tell you what the BFCE is. Banque Française du Commerce Extérieur is a French commercial bank—with a French name—to which the French Government has assigned substantial medium- and long-term export credit responsibilities and for several decades now we've specialized, as our name suggests, in the financing of overseas trade.

But as you can see we haven't exactly knocked ourselves out getting ourselves overseas. While we've always crisscrossed the globe indefatigably for our customers we waited to set up shop abroad until we were ready.

We looked before we leapt. We stayed home doing our bit—a not inconsiderable bit—for the French export trade, in the process building up a solid fund of experience and expertise in international trade and commodity trading—and acquiring a good working relationship with nearly every country in the world.

Although we've been busy setting up representative and trade promotion offices since the early seventies in a number of countries—more than 20 so far—it was only in February, 1977, that we really started exporting the BFCE with the opening in New York of our first overseas branch. (Quickly followed by a loan production office in Houston, an agency in San Francisco and a branch in Milan.)

Last but not least. But the big news, of course, is London—our new City branch just around the corner from the Bank of England on Threadneedle Street.

Now we've finally arrived we'd like to unzip our bags and produce without further ado what marketing men would call our unique selling proposition.

The BFCE is a "small" bank—in the same sense Mont Blanc is a small mountain—operating in one area of specialization. Overseas trade. For you there are three big advantages in this.

It means every single individual customer is very important to us and we'd better make damn sure we're doing a good job.

It means we're experts at being fast and flexible.

And it means we are able to supply you with an exceptional degree of technical and legal know-how along with an exceptional level of competence in the highly specialized area of the international transfer of funds.

We've got the wherewithal. Although we don't have branches all the way from Timbuktu to Kamchatka we are in a position to help with the financing of even the largest projects. (At the end of 1980 the Bank's total assets amounted to £13,700,000,000 and over 90 per cent of our business was in the financing of international trade.)

In fact, at the Banque Française du Commerce Extérieur, when it comes to solving your problems, you'll find we've got what it takes.

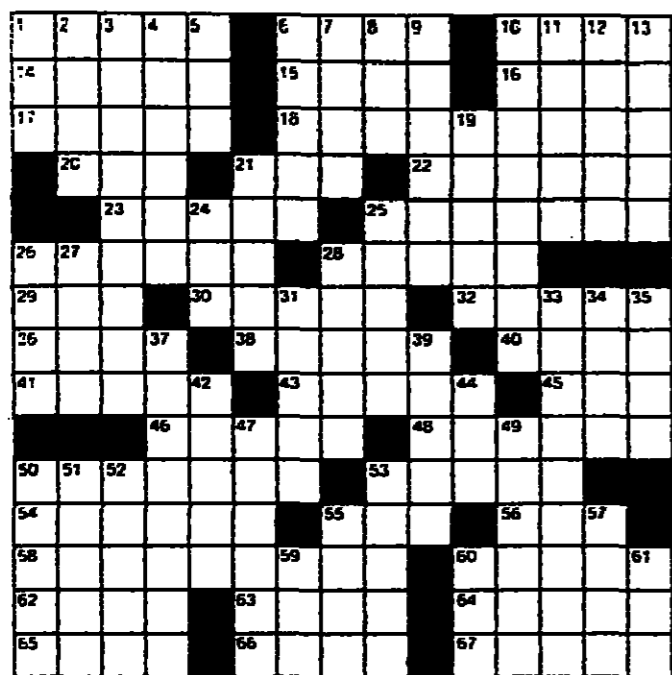
# BFCE

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Something new in the City.

CROSSWORD By Eugene T. Maleska



- ACROSS
1 Successor of Bess
6 Theda of the silents
10 Unravel
14 Dogson's girl
15 Musical composition
16 Prefix with gram or dyne
17 Jury list
18 Small suitcase
20 West Indies product
21 Imogene's partner
22 Pusher's victim
23 French family member
25 Forever
26 Word following raw or burnt
28 Old Nick
29 de guerre
30 Penetrate
32 Dope
36 "Sliding" Paul Simon
38 Wicked biblical city
40 Of the dawn
41 Sections often made of mica in old Rome
43 Pavarotti, e.g.
45 Numero
46 Change
48 Start of Sarah Adams's well-known hymn
50 "The Face on the Floor"
53 Bees do it
54 Microscopic animals
55 Scrooge utterance
56 de France
58 Wherein the Balcony Scene occurs
60 Mixed alcoholic drink
62 Double preposition
63 500
64 Ballet
65 Between Mont. and Minn.
66 do-well
67 bridge (Euclidean proposition)
DOWN
1 Tourist's need
2 Resembling a wing
3 Armed civilian of 1776
4 "The Cometh": O'Neill
5 Snigger's victim
6 Kind of knife
7 Mimicked
8 de la Paix
9 "And I saw the armies": Whitman
10 For which Rand got a hand
11 Decorated again
12 Betel palm
13 L.A. mayor in the 60's
19 Icelandic literary works
21 Musial and Laurel
24 Weathercock dir.
25 Burr or Copland
26 Photo
27 Harry Hershfield's home state
28 Jewish feast
31 Type of pole
33 What a Gay Nineties belle resembled
34 Simba's tresser
35 about
37 School days' souvenir
39 Updike's "A" of Sundays
42 U.S. "ashcan" painter
44 King David ally
47 Walked like a pigeon
49 Hostility
50 Washbowl
51 Improve
52 "Right on!" to Cicero
53 Brown-winged butterfly
55 A-F connection
57 Existence
59 Chemical suffix
60 Mrs., in Sevilla
61 Men

Solution to Previous Puzzle

LOOK RAPID BANG
FREE JIMMY AWAY
WEATHERWITNESSED
TERRIBLE ATLAS
STREETS BLAZE
BIRD RIDDING
DIRE WATER TIE
MADE THE SUBAR
EGG VIAND NAME
RESPECTABLE
LORDS WINGED BUTTERFLY
SCAR TANNED LAIR
WINE STAFF TERRIA

WEATHER

Table with columns for city, high, low, and weather conditions. Includes cities like ALGARVE, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JARUSTA, JERUSALEM, JOHANNESBURG, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES, MADRID, MANILA, MEXICO CITY, MIAMI, MILAN, MONTREAL, MOSCOW, NAGASAKI, NANTUCKET, NEW DELHI, NEW YORK, OSLO, PARIS, PEKING, PRAGUE, RIO DE JANEIRO, ROMA, SAO PAULO, SEOUL, SINGAPORE, STOCKHOLM, SYDNEY, TAIPEI, TEHRAN, TOKYO, TUNIS, VENEZIA, VIENNA, WARSAW, WASHINGTON, ZURICH.

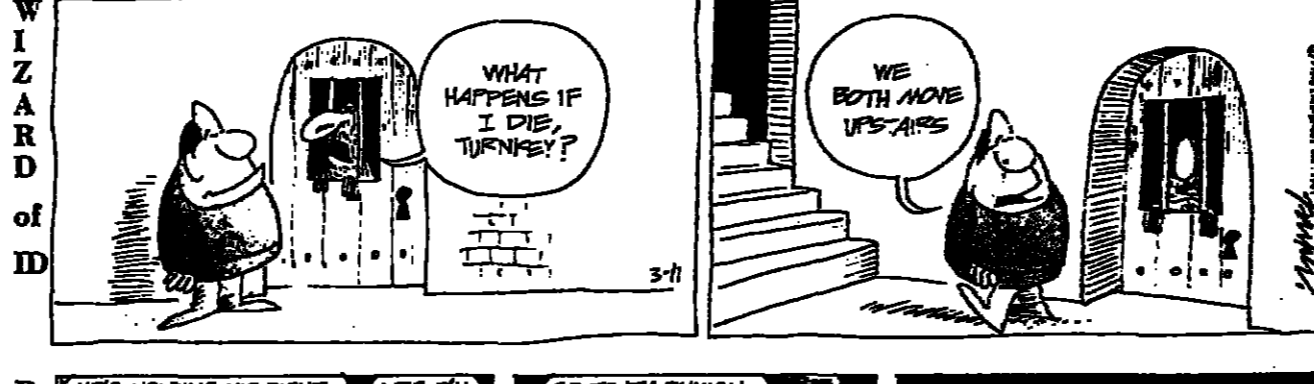
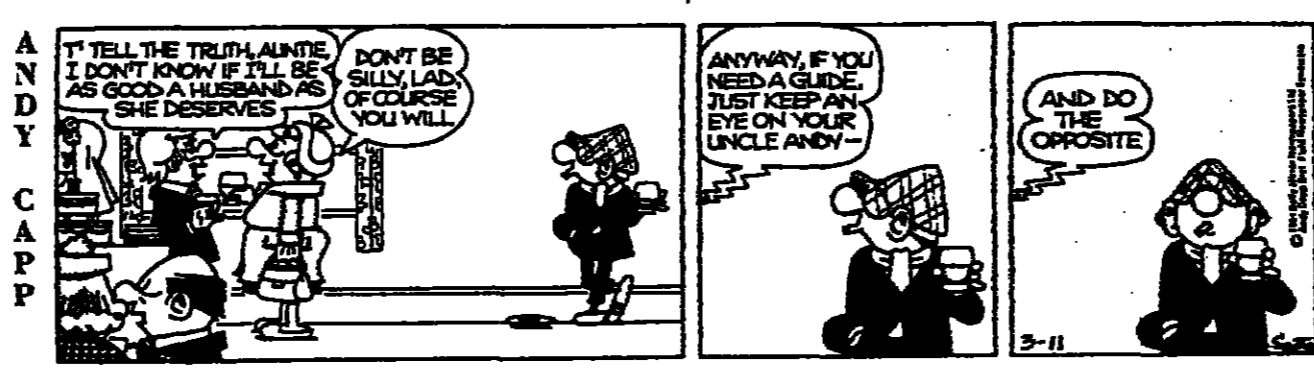
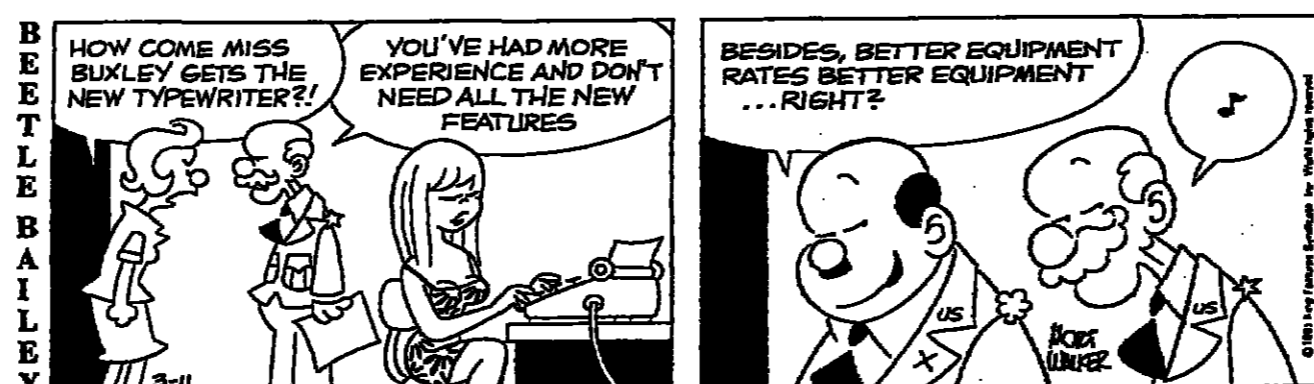
RADIO NEWCASTS BBC WORLD SERVICE

roadcasts of 0605, 0205, 0405, 0605, 0805, 0905, 1105, 1305, 1505, 1705, 1905, 2005, 2205, 2305 (All times GMT).
Suggested frequencies:
Western Europe: 48KHz and 43M Medium Wave, 5.975, 6.050, 7.125, 7.255, 8.475, 9.725, 12.275 and 15.075 KHz in the 41, 41.31, 25 and 19 meter bands.
East Africa: 1470KHz and 3120KHz Medium Wave, 25.450, 21.440, 17.285, 15.420, 12.975, 11.625, 9.285, 7.725 and 6.525 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
North and North West Africa: 25.625, 21.475, 15.275, 11.725, 9.475, 7.725 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Southern Africa: 25.625, 21.440, 17.285, 15.420, 11.625, 9.475, 7.725 and 6.005 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Middle East: 1230KHz and 3270KHz Medium Wave, 25.625, 21.475, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Southeast Asia: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.725 and 6.125 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
East and South East Asia: 25.625, 21.475, 17.775, 15.710, 11.625, 9.475 and 7.725 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Africa: 1470KHz and 3120KHz Medium Wave, 25.450, 21.475, 17.775, 15.710, 11.760, 9.475, 7.725 and 6.125 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands. Also for Singapore only: 8.870 KHz VHF.

VOICE OF AMERICA

The Voice of America broadcasts world news in English on the hour and 28 minutes after the hour during various periods to different regions.
Suggested frequencies:
Western Europe: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Middle East: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Southeast Asia: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
East and South East Asia: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.
Africa: 1470KHz and 3120KHz Medium Wave, 25.450, 21.550, 17.775, 15.710, 11.760, 9.475, 7.440, 6.125 and 5.975 KHz in the 11, 11.3, 14, 19, 25, 31, 41 and 48 meter bands.

German Shepherd Shoots Trainer
MONROE Mich. — John Calbert was in satisfactory condition in a hospital with a bullet wound in his leg caused by his dog, police said.
Mr. Calbert was training his German shepherd to disarm intruders, but the dog dropped a .22-caliber revolver that it had been holding with its teeth and the gun went off, wounding Mr. Calbert.
A police spokesman said Monday that there would be no charges. "It would be kind of hard to fingerprint him," the policeman said.



JUMBLE: THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes a grid with letters and words like UGGOE, YANNO, TORFIP, FLOWL.

DENNIS THE MENACE: A comic strip panel showing a man saying 'WE'RE GONNA HAVE SOME GOOD POTATO SALAD TONIGHT, DAD! FROM THE STORE.'

BOOKS

BLACK MOUNTAIN BREAKDOWN
By Lee Smith. Putnam, 228 pp. \$10.95.
Reviewed by Christopher Lehmann-Haupt

THE real heroine of Lee Smith's new novel, her fourth, is not doom-ridden Crystal Renee Spangler of Black Falls, in the western corner of Virginia, near the West Virginia border. The real heroine of "Black Mountain Breakdown" is the narrator's voice, which turns Smith's story into a country music ballad or a Southern Appalachian breakdown, in the sense of the word that means a "like Country Breakdown."
It is a voice that rushes its story forward in the present tense — "Crystal at 16 is everything Lorene," her mother, "hoped she would be, every thing Grant," her dead father, "was afraid she would be, too, only that's beside the point since nobody talks about Grant much these days, and nobody seems to remember him much either, except for Crystal. Crystal is beautiful. Her skin is still fair and clear, and the color still comes and goes in her cheeks. Her hair is very long now and very light and silky, baby fine. She is perfectly proportioned, thin but not too thin, and she moves all the time like a dancer even though of course she has never had lessons; there's no ballet in Black Rock. Crystal laughs and giggles and cuts up a lot."
It is a voice of many moods — from the delicate dreaminess of adolescence to the breathless cattiness of a small-town gossip — "The first Agnes hears about it is in the Recall, where she is having her lunch, when Brenda Looney, a teller at the Lousia Bank and Trust, sees everybody and knows what's going on all over town. She wears these harlequin glasses. Agnes has never cared for her and the never stands in Brenda's line when she makes deposits at the bank. But here comes Brenda, slamming into the Recall on her break, can't wait to tell it."
The one redeeming feature of the plot complication is that the revelation of the rape is delayed so long that this lets us enjoy most of "Black Mountain Breakdown" as if it were a heart-breaking ballad that bears on the country music station about a lovely young thing who can't fit in anywhere. Sung with twang and a sob, to a background of fiddles and guitars. By Bobbie Gies or Loreta Lynn.

Best Sellers

- THE COVENANT, by James M. Smith
ANSWER AS A MAN, by Taylor Caldwell
BRAND, by Robin Cook
THE WAY TO REBECCA, by Susan Warner
COME FORTH YE WINE, by Cynthia Patterson
FIRST EVIDENCE, by Stephen King
CENTURY, by Fred Mustard Stewart
RAGE OF ANGELS, by Sidney Sheldon
CONGO, by Michael Crichton
THE PETER BORSEMAN, by Larry Collins and Dominique Lapierre
UNFINISHED TALES, by T.H.S. Thomas
LONG LAKE, by E.L. Doctorow
THE COLLECTOR, by John Updike
SUDRA WELLY, by John G. Searl
THE CLAN OF THE CAVE, by Jean M. Auel

Florence Repair Work
FLORENCE — The 14th-century campanile of the Florence cathedral will be closed to the public to allow urgent repairs to the marble, officials said Tuesday. Work is expected to begin in several weeks in the 279-foot-high bell tower, which was begun by Giotto in 1334 and is known for its bas-reliefs by Andrea Pisano and Luca della Robbia.

BRIDGE

BRIDGE: A bridge game layout showing North and South hands with cards and a bidding sequence. Includes a diagram of a hand and a list of cards.

هكذا في العمل

The Soccer Scene

A Bright Star From the East

By Rob Hughes

utlerly confounded West Ham to win 4-1. The style was evocative of the two most memorable European games I have seen — Real Madrid vs. Eintracht Frankfurt in 1960 and Ajax Amsterdam vs. Bayern Munich in 1972. And with those three thrilling performances as evidence, one (perhaps obvious) observation has become proven: It takes two — victor and vanquished — to tango.

Frankfurt, Munich and now West Ham were almost willing accomplices to their own defeats. Their beliefs in the game and the way it should be played was in each case such that, far from employing the plethora of negative, cheating ways to stop a rampant team, they actually compounded the scoreline by attempting to meet thrill with attacking thrill. This compliance was carried to the point of naivete at West Ham last week, but this column will not pillory the players for that.

As with Alfredo Di Stefano in 1960, as with Johan Cruyff in 1972, the Tbilisi performance had its orchestrator. David Kipiani, balding, unburied and in his mid-30s, was the catalyst of so much fluidity, the designer of so many artistic and yet economic strokes, that West Ham was itself roused to applaud.

Kipiani embodies Tbilisi and its essential, separate character from what we see as the Soviet mold. His creativity is by no means reliable yet, but a year ago he found Liverpool, a still more formidable English opponent, so tailored to his skills that he destroyed it too. Kipiani's lieutenant, then as now, is the dashing little goalscorer Ramaz Shengelia. A daring ferret, it was Shengelia who scored the fourth goal in London, running onto a lofted pass of fully 60 yards from Kipiani.

Multiple Owner Skalbania Living Out a Kid's Dream

By Wayne King

AGELER Nelson Skalbania concedes that he does business in the ordinary way — it is not hard to understand a kid who grew up on the ice rinks and basketball courts on the west side of B.C., would want to sports teams of his own. One of those guys who "everything," he said, "appreciates the finer things in life."

He jets around the country buying and selling real estate — in the downtown Georgian Hotel in Vancouver, shopping centers in Saskatoon, Sask., the Watergate Apartments in Oakland — along with diverse other interests that have from time to time included Vancouver's largest art gallery, another gallery in Calgary and currently one of Canada's four private breweries, Canadian Gold.

By way of example, Skalbania confirmed a series of transactions involving a single property, the Avord Building in Vancouver. He bought it in 1974 for \$10.2 million and sold it six months later for \$11 million. In 1979 he bought it back for \$13 million and, with the ink still wet on the mortgage papers, resold it within 24 hours for \$13.25 million.

After a stint with an engineering firm in Vancouver, he discovered real estate, developing the art of using other people's money, buying low and selling just a bit higher — and doing it fast.

But he does acknowledge that his financial techniques are creative. "Any idiot can write a check for \$2 million cash and buy a team. But maybe the fun part of it, or the challenge part of it, is to do a lot of this buying, using, you know, using — uh — other techniques of financing."

There is, for example, the account of his sale of half-interest in the financially troubled Edmonton Oilers of the now defunct World Hockey Association to a fellow Canadian real estate man, Peter Pocklington.

He also owns half of the Canadian team, a triple-A team. He tried to buy the trainers baseball team for \$1 million, but that fell through because there was no agreement on the \$16-million National Basketball Association team that also had Skalbania as one of the DeHavilland jets for an airplane to buy an existing said. "They're stronger cheeper."

Later on Pocklington bought the other half of the team. The two men worked out details on the back of a napkin.

Attendance everywhere this winter has been falling dramatically — the fans' way of showing with their feet that they will not pay for the organized neurosis that passed for tactical sport in the last European championship.

NHL Standings

Table with NHL Standings columns: Patrick Division, Wales Conference, Norris Division, Adams Division, and Montreal's Record.

Ice Hockey Polls

Table with Ice Hockey Polls columns: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30.

Well Decorated Comes From 3d To Win Bahamas

HIALEAH, Fla. — Well Decorated came from third on the far turn Monday to edge favored Dash O' Pleasure by a nose in the Bahamas Stakes, a race of top Triple Crown prospects. Tap Shoes was third by a neck and Spirited Boy finished fourth.

Well Decorated Comes From 3d To Win Bahamas

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Broncos' Miller Fired; Reeves Is Named Coach

DENVER — Red Miller has been fired as head coach of the Denver Broncos, and Dan Reeves, offensive coordinator for the Dallas Cowboys, has been hired to take his place, team sources say.

Broncos' Miller Fired; Reeves Is Named Coach

Miller, 53, has coached the Broncos since February, 1977. He led the Broncos to the Super Bowl that year after the team posted its best record ever, 12-2. In Super Bowl XII, the team bowed to Dallas, 27-10. In 1980, the Broncos had their worst finish in Miller's four years; at 8-8, the team tied with Kansas City for third place in the American Conference Western Division.

Pleau Gets Whalers' Slot

HARTFORD, Conn. — The National Hockey League's Hartford Whalers have signed Larry Pleau to a two-year contract as head coach. Pleau has served as interim coach since the firing of Don Blackburn last month. The Whalers are 3-4 under Pleau and in 18th place in the NHL.

Fisk Is Prepared To Sign Contract With White Sox

CHICAGO — Former Boston Red Sox catcher Carlton Fisk has announced he has "chosen" to play with the Chicago White Sox this season but said he has not yet signed a contract.

Transactions

CALIFORNIA — Renewed the contracts of Rick Burson, shortstop, and Bobby Clark, outfielder, for the 1981 season. MINNESOTA — Signed Ken Landwehr and Gary Work, outfielders, to one-year contracts. Renewed the contracts of Dave Enslin, outfielder; Bob Butera, catcher; Terry Felton and Dan Cooper, pitchers; and Chuck Bakula, infielder.

Davis Cup: Comeback of a Trophy

By Dave Anderson

CARLSBAD, Calif. — The most commendable comeback in sports this year might be made by a trophy instead of an athlete. With a new format and new prize money, the Davis Cup has an opportunity to regain its lost prestige after too many years in eclipse.

USTA invariably scheduled cup matches in remote cities where it was more of a social than a sports event. The cocktail parties were more important than who won. But the Davis Cup duel with Czechoslovakia is expected to be held at the National Tennis Center in Flushing, N.Y., over the July 10-12 weekend following the Wimbledon championships.



Bucks' Sidney Moncrief is hit in the face by Cavs' Kenny Carr Monday. Moncrief recovered, scoring 19 points in a 118-100 win.

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NBA Standings table with columns for Eastern Conference (Atlantic, Central, Midwest, Pacific) and Western Conference (Midwest, Pacific).

Large advertisement section containing classified ads for EMPLOYMENT, AUTOMOBILES, TAX FREE CARS, AVIATION, SHIPMENTS, ESCORTS & GUIDES, and various services.

